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# East Europe Report

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3 March 1986

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ECONOMY

BULGARIA

# MANAGERS URGED TO ENGAGE BOLDLY, TAKE RISKS IN BUSINESS VENTURES

Sofia RABOTNICHESKO DELO in Bulgarian 7 Jan 86 pp 1, 3

[Article by Mile Milev, director of "Mir" [Peace] Factory, Razgrad: "Stingless Bees Gather No Honey"]

[Text] For a long time the question of risk was well-nigh anathema. Only recently did we, diffidently, begin to raise the veil a little from its sensitive image. There are not a few reasons for the diffidence, but the main one, I should guess, is rooted in the conception that the planned economy eliminates the role of risk. A profound delusion! And a convenient one for it gives a "green light" to rote and mediocrity in the economic sphere. The truth is that risk is an inseparable part of planning itself and therefore not just possible, but absolutely necessary as well within the framework thereof.

Some of our trading partners, as well as our ideological adversaries, very often take unfair advantage of the risk-taking reluctance of the socialist manager. And what is especially objectionable, they sometimes profit masterfully from it. For even though matters are not as they would like and imagine, such a phenomenon nevertheless exists. Yet viewed cursorily, it should not exist. The private proprietor, left on his own, would have to protect himself against fire because any ill fortune for him is a financial catastrophe, a change in his social status. In the case of the manager of a state enterprise matters are not so dramatic. Failure of whatever kind does not affect his economic position or, in most cases, his official position either. In practice, however, this seeming logic does not obtain. For this to be so, there exist in addition to purely economic reasons psychological ones as well, on which I should like to dwell.

When a person embarks upon a risk, he thinks first and foremost of what he is going to gain. For the individual, risk is a revolution and if he wins it, he wins a new quality of life. A stereotype in the framework of a life cannot lead to qualitative change. The truth is that our manager loses almost nothing, just as it is true that he knows he has gained almost nothing, either. And that is why he prefers the stereotype. But for him who does not travel (as for him who does travel but without knowing whither) there is no tail wind. Risk is the wind that swells the stretched sail. In that case why do we take risks just the same? Why, because a risk successfully run means prestige upheld, which brings recognition. That is one thing. The second is that from

its conception to its realization risk holds a latent emotional charge that attracts. The question inevitably arises, "But how does the collective accept the risks assumed by the manager?" The truth is that it is almost indifferent since it neither loses nor gains.

As for profit, on that score everything is clear: when pigs fly, the pay increase will exceed 2 percent a year. . . It is a mistake to overestimate the part played by economic incentives, just as it is to underestimate them. Now that the endeavor is to have the collective as a whole play a more important part in production, we must so proceed that it has, to a greater extent, a personal interest in the risks involved in production. Otherwise, it can become a brake on the new and the progressive.

As a rule, in the event of failure the word "risk" drops out of circulation and in its stead there appears its speculative double, "foolhardiness." The transformation, although not inoffensive, is completely harmless since it is very difficult, well-nigh impossible, to draw an exact line between the two concepts. Nevertheless, there is a reference point and it can be formulated in Pasteur's phrase, "Fate helps those who are prepared." No other quality of the economic manager requires such advance training as does risk-taking. And something else of exceptional importance is information. Not information in general, but information that is exhaustive and in detail. If we answer our own question, "How many managers have such information?," we will also answer in part why we fear risks. . .

In my opinion, risk will have an increasingly important place in managers' work in the future. Why do I think so? Because the level of competence and the extent to which they are well informed will continually grow and create that self-esteem and confidence without which risk-taking is impossible.

I give no credence to a spirit of enterprise whose roots do not draw strength directly from the market place. I am sure that most will agree with my contention that the trade organizations work slowly and sluggishly and it is genuine torture to watch this merely as an onlooker. Very often they are unable not only to generate market demand, but even to report the realistic potentialities thereof.

Problems of risk are closely intertwined with the question of confidence. Greater confidence of economic managers! Fear of error is a poor counselor, which is a prime cause of many fiascos and of the unfunny joke that "the director is a position under Article 64." The democratic principle, in the broadest sense of the word, must become a constant work style. Without tutelage in trifles, without mentorship. It is absurd to count the cups of coffee of somebody to whom you have entrusted production worth tens of millions. Will abuses take place? Inevitably, but there are also automobile crashes, yet this is not in the least grounds for banning automobiles.

The opportunity for risk-taking has to be fought for. I believe that within the framework of the present norms I have sufficient freedom of action. I emphasize "present norms," since all risk-taking outside these is doomed to failure and tends towards foolhardiness. Risk-taking also means the adoption

of advanced technologies. Securing these unless the possibility of implementing them exists is an outright crime--one of the crimes which are not a rarity, in contrast to the imposition of the penalty therefor, which is a rarity. This going-along with the "vogue of the day" is nothing other than sham risk-taking. Sham risk can be distinguished from genuine only from the perspective of a very high level of competence. What is risk for somebody who is competent is something normal for somebody who is incompetent. The ambiguity is the reason why many assumed risks that warranted being assumed go unnoticed. Unnoticed unfortunately, unwarranted risk-taking is rarely met with. The practice for warranted risk-taking which results in the earning of millions is a pat on the back. For unwarranted risk-taking resulting in losses amounting to thousands. . .

I am far from thinking that I have exhausted such a complex and multifaceted subject. I would like to conclude with an observation of my own. In nature there are no stingless bees that gather honey. What is more, the more aggressive, i.e., armed with a sting, a breed of bees is, the more productive it is. If we want honey, we have to reconcile ourselves to the thought that we may get stung. A sting is not fatal, and physicians even assert that it cures rheumatism and therefore recommend it. So why don't we cure our economic rheumatism with the "stings" of risk-taking?

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ECONOMY

CZECHOSLOVAKIA

# REORGANIZATION OF R&D PRODUCTION RELATIONS VIEWED

Prague PLANOVANE HOSPODARSTVI in Czech No 10, 1985 pp 8-15

[Article by Dr Jiri Jezek, candidate of sciences, Research Institute for Scientific-Technical Development, and Dr Eng Josef Skoda, Office of the Presidium of the Czechoslovak Academy of Sciences: "New Organizational and Economic Forms of Connecting Research and Development With Production in Czechoslovakia"]

[Text] At the Eighth Session of the Central Committee of the CPCZ, which was held in 1983, questions of the further perfection of the system of efficiently applying the results of science and technology in practice were discussed in detail and specific measures were adopted. One of these, which is intended to contribute toward solving significant scientific-technical problems, specifically intended to fulfill the goals of the national economic plan and the plan for technical development, is the deepening of those forms of management which assure a closer connection between science and research and production and make it possible to overcome the traditional division of labor which manifests itself through undesirable interruptions in the individual phases of the innovative cycle. In utilizing untraditional forms for connecting science and research with production, all factors which can contribute to the higher efficiency of the innovative cycle must be taken into account.

In other words, this is a matter of improving the actual organization of work and, simultaneously, creating such a system of management which would respond to specific conditions involved in the accelerated introduction of new scientific-technical findings. Such measures must impact on the entire research and developmental base, without regard to whether it is controlled directly by central organs of the state administration or is subordinate to economic production units. Not even basic research work sites of the Czechoslovak Academy of Sciences and the Slovak Academy of Sciences and of advanced schools which must play a determining and irreplaceable role in establishing communal work sites can be ignored.

On the basis of conclusions drawn at the May Plenum of the Central Committee of the CPCZ as early as 1974, which dealt with scientific-technical development, forms of research production units were experimentally verified; these were within the Research Institute of Mechanization and Automation at Nove Mesto nad Vahom, at the Research Institute of the Metalworking Industry at

Presov, in the Institute for Research, Production, and Utilization of Radio Isotopes in Prague, and at the Institute of Radio Ecology and Utilization of Nuclear Equipment at Kosice. Positive results were attained also, for example, by combining the activities involved in the communal solving and realization of an electronic lithograph, involving the Institute of Instrumentation Technology of the CSAV and the Tesla Enterprise in Brno, etc.

In the course of time, the urgent need arose to publicize the experiences resulting from joint work sites, to unify the procedures of organizations and to provide direction to joint practices for the broader application of the optimum forms of realizing innovative intentions in conjunction with goals of a unified state scientific-technical policy. A significant impulse for working out systems, economic, and organizational measures in this area was provided by Government Resolution No 296 dated 1983 which tasked the appropriate central organs with proposing principles for creating research production units and scientific production associations.

Consequently, last year, unified rules were worked out which governed both the establishment and the activities of the experimental research production units, as well as outlining the principles for the establishment of scientific production associations. The material was coordinated by the SKVTRI [State Commission for Scientific and Technical Development in Industry] with the participation of the appropriate industries and the CSAV and was discussed on 19 November 1984 at the 50th Session of the Committee for Questions of Planned Management of the National Economy and on 22 November 1984 by the Government of Czechoslovakia (Point II/4 of Government of Czechoslovakia Resolution 325/1984). These regulations have already been issued and processed into methodological directives within the jurisdictions of appropriate sectors, particularly the Federal Ministry of Finance and the State Commission for Scientific and Technical Development. It is expected that the experiences involving their application in practice will be evaluated ultimately in the interest of their broad application.

In 1985, there occurred a gradual unification of existing practices together with the creation of all forms of joint work sites which integrate fundamental research with applied research and production or another social practice, including the mutual integration of research capacities available at work sites of the academy and of advanced schools. This amalgamation utilizes the positive adjustments contained in the above-mentioned Government Resolution No 325/1984 and in resulting directives issued by the Federal Ministry of Finance, pertaining to economizing with financial means within budgetary organizations of the research and development base.

The amalgamation of scientific-technical activity and the resulting preproduction and production activities are verified by the CSAV and the SAV. Selected work sites were identified as scientific production units; the SKVTRI, together with the Federal Ministry of Finance and the Federal Ministry of Labor and Social Affairs, issued rules for financing these activities and for the establishment and activities undertaken by the scientific-production units.

All of these measures were preceded by detailed analyses which took cognizance of the findings involved in the application of similar forms of combining research with production in other socialist countries, particularly in the Soviet Union and in the GDR.

We wish to draw attention to the fact that it is not anticipated that these recommended organizational and economic forms should be expanded laterally, but, primarily, that they will be activated where concrete conditions will absolutely so demand. In other words, this is not some kind of "fashionable wave" as is sometimes said without adequate information regarding the purpose of these measures. As stressed in the justification report pertaining to the rules, the desired course of the cycle research--development--production--utilization requires the research sites to be appropriately equipped by the experimental base (with prototype workshops and semioperational production processes, including appropriate production capacities, etc.). A fundamental and pressing solution, then, requires the entire research and production base to apply and perfect new forms of the direct connection between research and development work sites, units of the preproduction phase and the realizational base, including the optimalization of capacities for the technical preparation of production, which is the narrowest bottleneck in the innovative cycle and one of the reasons for long intervals between the completion of research and development and the startup of series production.

The complex of measures is conceived as an experiment and, as such, is to be evaluated by the end of next year. Also, determinations are expected to be made as to which elements and instruments should be further developed in order to achieve the intended objectives. In this article, we wish to speak of the principles of this legal adjustment (which, however, is not new but tends to utilize contemporary organizational and economic instruments in the area of managing scientific and technical development), and possibly of the opportunities for their utilization in three fundamental forms.

#### Research-Production Units

The essence behind the arising and existence of the research-production unit is the expansion of activities already engaged in by existing scientific, research, and development organizations by such production activities which would accelerate the introduction of the results of research into practice. Research-production units can arise within the framework of economic or contributing organizations of the research and development base which are either part of economic production units or are controlled centrally. In other words, they will not be established by budgetary organizations of the research and development base (by institutes of the CSAV, the SAV, and by the advanced schools). An additional characteristic of research-production units is the leading role of the research component within the unit.

All activity on the part of the unit is subordinate to the principal goal--to research, develop, verify, and possibly introduce in its own production program or in the production program of related enterprises and users, products and processes of a high technical-economic level. Toward this goal, the unit utilizes all opportunities which are given to it by the connection of related



phases and activities in the innovative cycle within one organizational and economic unit. In its relationships with related operating enterprises or users it also utilizes the negotiation of supplier-consumer relationships for the purpose of handing over the results of its activities to current production and utilization through the form of verified and prepared solutions.

A decisive viewpoint for the establishment of research-production units must be the purpose which is to be achieved by the establishment. This should be the unequivocal solution of research tasks, primarily new tasks, in the area of scientific-technical development which, as a rule, terminate in the adoption of production or in some other utilization. The mission of research-production units stems from the following brief characteristics which, however, cannot claim to be complete. It involves particularly the following activities:

- a) development and research of new products and technologies;
- b) production of functioning models and prototypes, possibly of a verification series including verification tests;
- c) the working out of design and project documentation for the production of the verification series or for individual item production and possibly related technological facilities;
- d) production of new technological facilities, their operational utilization, or testing;
- e) the handing over of newly developed equipment or technologies to organizations of economic production units for series or mass production;
- f) individual item or repeat production of new products, primarily of single-purpose and special items;
- g) the rendering of technical assistance to producers and users, including consultation activity;
- h) design activity involving new products and new technologies, including engineer-technical activity and the sale of the unit's own products.

Research-production units select specific methods of activity according to conditions given by the research and realization process. In so doing, they utilize particularly the following methods:

- 1) application of principles of goal-oriented programmed (design) management, with collective and individual responsibility for seeing the results through to realization and utilization;
- 2) utilization of opportunities for close connection, mutual intersection, and time-frame overlapping of research and production activities;



- 3) including future realizers and users through suitable methods in the process of solutions and realizations; toward this end, utilizing opportunities for cooperation with respect to technical preparation and production of prototypes and verification series;
- 4) transferring experiences to workers of production and user organizations and using feedback, that is to say, taking on the experiences gathered in production and user organizations that are of use to research and development workers;
- 5) removing identified elements of the lack of preparation on the part of users to absorb new equipment through the following forms of technical assistance: in design preparation, by providing solutions for the missing elements of the entire system, particularly with respect to unique and atypical installations; by providing final solutions for software problems; by switching over to the support of higher supplier functions, including assembly; by providing refresher courses and training courses; by assuring the availability of service activities;
- 6) training of workers from producer and user organizations in those areas which are necessary to master the production or assembly and providing refresher training for producers, as well as assuring the availability of operational reliability in the user sphere;
- 7) in creating the necessary conditions for a rapid realization of the results of research and development, cooperating with future realizers and in the preparation of material and sales support and participating in the negotiation of supplier-consumer relationships and in the drawing up of economic contracts regarding assurance of realization and utilization of research results;
- 8) assuring the repeat realization of research and development results by turning them over to additional users.

If research-production units are to be established within the framework of economic production units, they will be organized as legally independent economic organizations of concerns or trusts of the enterprises or as organizational components of sectoral enterprises. The principles of internal organization at the economic production unit, including the relationship between the general directorate and the specific organization which fulfills the tasks of the unit, as well as relationships between the unit and the other organizations of the trust of enterprises or concerns will be adjusted by statute. In contrast to this, the system of management and the details of organization within the unit will be set forth in organizational rulings, to be issued by the chief of the appropriate organization under conditions established by law.

It is necessary to remind readers that the internal structure of the unit will reflect the principles of cost accounting (chozrascot) (the creation of economic centers and, within their framework, of cost centers).

The right to establish or to rescind economic-production units is vested always in the responsible minister or the head of the central organ of state

administration. The interests of central management with respect to the research and development base demand that the state commission, or the appropriate Czech or Slovak commissions for scientific-technical and investment development issue an opinion regarding the establishment or rescission of such units where organizations fall within the jurisdiction of the republics, and that the appropriate ministries of finance also be heard from.

The areas and branches where optimum conditions will exist for the establishment of research-production units can be determined only approximately. We anticipate that, in conjunction with the fulfillment of state goal-oriented and state scientific-technical programs, the solution and realization of which rests, to a considerable degree upon organizations in the cost-accounting sphere, these will be primarily economic production units and their research bases within the engineering and electrotechnical industries. All-societal interests already orient both the responsible organs of central management, as well as the middle management link toward progressive directions of development in the economy today (electrotechnics, robotics, automation of engineering production processes, biotechnology, and others), which will undoubtedly influence the selection and application of appropriate forms for assuring the direct connection between research and production.

This trend is documented both by 5 years of experience of two successfully functioning research-production units--at the VUKOV in Presov (for industrial robots and manipulators) and at the VUMA in Nove Mesto nad Vahom (for the automation of engineering assembly functions), as well as by the intentions of several sectoral ministries. As an example, it is possible to list the project of a research-production unit at the "A.S. Popov" Research Institute of Communications Equipment which is counting on the existence of a realizational enterprise as its production hinterland. It is anticipated that the experimental semioperational production of components and systems in the newly established research-production unit will make a substantial contribution toward shortening the cycle and toward the more rapid application of electronics in the national economy.

#### Scientific Production Associations

Whereas the establishment of research-production units will generally be connected with the expansion of activities at existing cost-accounting organizations of the research and development base, scientific production associations will arise on a contractual basis between two or more organizations. It is anticipated that various organizational forms will arise within their framework. Within a scientific production association it is a matter of unifying workers, funds, and equipment of participating organizations in solving and realizing research and development tasks, unequivocally facilitating the association of cost-accounting organizations with economic organizations or contributory organizations. The following are the principal activities of scientific production associations:

a) closer connection and coordination of management pertaining to basic research, applied research, and development, of technological design activities, technical production preparation, introduction of production, technical

assistance for producers and users, including training and consultation activities designed to support joint progress on the part of specialized organizations toward the specified goal;

b) joint realization of individual or repeat production, primarily of single-purpose and specialized products; for the purpose of price formation, use is made of prices valid for other production activities;

c) expansion of scientific, technical, production, and other specialized capacities, utilizing joint funds;

d) beneficial and economic utilization of existing and created capacities, specialized work sites and unique facilities;

e) joint collection, establishment and utilization of information data for the activities of scientific production associations;

f) education and further training of specialists in the area of activities engaged in by the scientific production association.

A characteristic of scientific production associations is the continuity of their activities, generally from the point of basic research, via applied research all the way through production. This organizational form permits a considerable variability of the specific connection and management of joint activities, beginning with the temporary assignment of workers to a working collective all the way through the establishment of a new organizational unit or a new legal independent organization. Consequently, associations can be organized as joint work sites, for example:

1) by seconding workers to temporary working collectives in order to fulfill the goals of the association;

2) by combining workers, facilities, instruments, materials, and other financial and material means (there are three basic possibilities: joint management or coordination of associated activities, utilization of existing organizational units, or establishing of new organizational units).

It is not out of the question for organizations to agree contractually to combine the above-mentioned forms or additional forms which would be most suitable for the functions of the association. The operator of the joint work site must have an important function in supporting the activities of the scientific production association. This function should be handled by one of the combining organizations--the one which has the optimum conditions for such activity and will be tasked with finding agreement among participants. The duties of the operator should be concentrated primarily toward support of the following sectors of association activity:

a) administration and protection of national property;

b) planning, budgeting, bookkeeping, statistics, and operational recordkeeping for the joint work site;

- c) financing of investment and operational activities;
- d) material-technical supply and warehousing economy;
- e) sales and invoicing of the results of joint activity;
- f) preparation of documentation for making decisions regarding joint activity and for apportioning the results of this activity;
- g) operational management and coordination of joint activity;
- h) auditing activity;
- i) protection of work health and safety.

It is important for associating organizations to reach prior agreement regarding the jurisdiction and responsibility of the management organ, the method of planning, management and apportionment of the results of joint activity. They should also specify the method by which the work relationship of workers seconded to work at the joint work sites will be determined, including the type of organization which will be their employer. It is not out of the question that, in some cases, on the basis of an agreement regarding scientific production association, a new socialist organization might arise. In such a case, it will be necessary for members of the association to adjust their relationships with the newly arisen organization and to agree that this organization will be the employer of workers seconded to work at the new joint work site. A second variation is that the organization will be only entitled to manage the workers of the scientific production association on the basis of its authorization. It is not easy to predict the application radius of the association as a legally independent entity, but it will, obviously, occur only rarely.

The management organ (or the coordination organ), which is generally made up of statutory representatives of the participating organizations, should be the one to decide questions relating to the activities of the scientific production association. However, to implement direct management of joint activities, the management organ of the scientific production association should appoint a responsible director. With respect to the joint work site to take care of the tasks involved in the area of research and development, this function will be, for the most part, carried out by an individual appointed by the operator of the site. With respect to a new socialist organization which may have arisen on the basis of a contractual agreement pertaining to the scientific production association, this function should, however, be carried out by its own statutory organ. It is not necessary to provide special reminders that participating organizations can create even other collective organs having consultative and control responsibilities.

Planning and management activities pertaining to the scientific production association will be conducted within the framework of the plan and the system of management applicable to participating organizations. It is possible to combine only those funds which were assured in the economic plan or in the budget

of the organization in question. The amalgamation of funds of participating organizations of the scientific production association which are simultaneously organizations of the research and developmental base charged with supporting planned tasks of development of science and technology, including the realization of these results, is conducted in accordance with special regulations (Proclamation 151/1978 of SBIRKA ZAKONU covering the amalgamation of funds of socialist organizations in the spirit of Proclamation 15/1984 of SBIRKA ZAKONU). The assistance rendered in accelerating the innovation cycle of production at the Spolana Enterprise, with the participation of the CSAV and the Advanced School of Chemical Technology in Prague, or the cooperation of the Institute for Electrotechnics of the CSAV with the Skoda Plzen Enterprise in solving the problem of large-scale turbogenerators and high-capacity transformers, can serve as an example of effective cooperation on the principle of associated activity.

The establishment of scientific production associations is closely connected with the creation of a joint realizational base of the academy of sciences and of enterprises and is one of the instruments of transferring the results of basic research into joint practice. Realization activity is clearly becoming a significant factor in increasing the efficiency of basic research and is assisting in the realization of such changes in the structure of research which will be responsive to the requirements of contemporary scientific-technical development in this country and to new requirements in the structure of contemporary science. In this connection, we would remind readers that cooperation on the part of institutes of basic research with practice has a long-lasting tradition and, for example, only in the area of the engineering metallurgical complex resulted in many millions of savings and brought about a shortening of the time necessary to realize a given product.

A specific form of research-production association are the associations created between organizations of applied research and the advanced schools (research-pedagogic associations), between advanced schools and planning institutes (research-planning associations), etc., which will be created on the basis of similar organizational-legal principles and will have an analogous regime of management. In this respect, we can cite, for example, the South Bohemian Scientific Pedagogic Association at Ceske Budejovice, which was created by agreement between the Agricultural College in Prague, the Pedagogic Faculty at Ceske Budejovice, and the various institutes of the South Bohemian Biologic Center of the CSAV. Also, joint activities are being carried on by work sites of advanced schools, the CSAV (for example, the department of subnuclear physics or cryogenic physics), associated instrument laboratories and service centers (for example, for processing polymers), and detached work sites of advanced schools located at institutes of the Academy of Sciences. By 1 January 1985, a total of 16 joint work sites had been established within the framework of the CSAV, the SAV, and the Ministries of Education of the CSR and SSR, and 14 others are to be constituted this year.

#### Scientific Production Units

Under conditions applicable to the CSAV and SAV, additional organizational forms are beginning to be experimentally verified--scientific production

units. Selected scientific work sites, which will fulfill their basic tasks, that is to say, will support tasks set by the state plan for basic research and simultaneous scientific production activity, can become scientific production units. For the present, the experimental verification of this form of organization is being introduced in nine work sites of the CSAV and the SAV in 1985, as follows:

- 1) the Institute of Physics of the CSAV;
- 2) the Institute of Biophysics of the SAV;
- 3) the Institute of Instrument Technology of the CSAV;
- 4) the Institute of Radiotechnology and Electronics of the CSAV;
- 5) the Institute of Theoretical Bases of Chemical Equipment of the CSAV;
- 6) the Center of Chemical Research of the SAV;
- 7) the Institute of Construction Architecture of the SAV;
- 8) the Institute of Technical Cybernetics of the SAV;
- 9) the Electrotechnical Institute of the SAV.

It is anticipated that during the course of the Eighth 5-Year Plan the number of scientific production units will expand.

The fundamental goal of the activities of scientific production units is as follows:

- 1) document for social practice the utility of the results of basic research and the correctness of the subsequent design and, thus, creation of conditions for the accelerated introduction of these products into production within production organizations;
- 2) development and fabrication of unique facilities and materials which are available neither domestically nor abroad;
- 3) the provision of documentation and information to production organizations which would facilitate production in production organizations on an accelerated basis, at a higher quality, or would make it possible to initiate production in the first place;
- 4) assure, in limited quantity (small volume of production or specialized production items), deliveries to the national economy until such times as production is initiated in production organizations;
- 5) assure scientific research feedback activity by producing unique experimental facilities, by providing the opportunity for the measuring and technological base to conduct extensive experiments which cannot be obtained through purchase or importation;

6) assure an adequate supply of installations and materials for the activity of and development of scientific production units;

7) provide support for active licensing agreements by producing specific model installations and products, including the working out of design and technological documentation.

It so happens that within the framework of the Institute of Technical Cybernetics of the SAV it has already been verified that a special regime of financing is appropriate to the needs of production activity; this regime was first begun as an experiment and was later generally applied to the remaining budgetary organizations. It has the following new progressive elements:

a) in this concept, scientific production activity is understood to be:

1) the development and production of functioning models, prototypes, experimental facilities, material samples, and materials, including verification tests,

2) repeat production of instruments, facilities, materials, and substances,

3) technical assistance and services of a specialized character,

4) special nonmaterial outputs destined for production activity in production organizations;

b) scientific production activity is financed by customers of its results (not from the state budget). Income from this activity is concentrated in a special account with the State Bank of Czechoslovakia and the remainder is carried over from year to year. Sums appropriate to unique wages and a share of the differences of the achieved income and production costs as stipulated by the Federal Ministry of Finance are transferred to the state budget. Funds for the supplemental remuneration of workers, supplemental appropriations to the Cultural and Social Services Fund, and funds intended to expand scientific production activity and to provide material and physical plant investments are identified in the remaining portions of the funds;

c) the planning of production activities is conducted within the framework of the CSAV and the SAV (the plan is attached separately as an attachment to the plan of activities and support is thoroughly individualized in view of the various purposes, the quantities of realizational activity serve as an orientational indicator for the plan of assuring adequate funds for the CSAV and the SAV).

It is undeniable that under the conditions applicable to the CSAV and SAV, whose task is to provide and organize basic research, it will be useful to expand the above-mentioned forms of combining research with production through intensive cooperation with social practices on a contractual basis (scientific production associations), as well as expanding such activities within the organizational framework of the CSAV and the SAV (scientific production units) which exceed the framework of their own scientific research activities. The

character of the achieved outputs in basic research orients the inputs to the phase of applied research or development or directly affects specific production. Their goal is the perfection of technical-economic parameters for new products and new technologies destined for all-societal utilization. In other words, this involves activities which are directly tied to the results attained in fundamental research, are new with respect to their character in the context of academic institutes, and are predominantly developing in the newly established capacities of the CSAV and the SAV.

In this process, the feedback effect of production upon the structure and orientation of science, which must present new incentives for the fulfillment of fundamental directions of economic and social development must not be neglected in this process of combining research and production.

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ECONOMY

GERMAN DEMOCRATIC REPUBLIC

NOTED ECONOMISTS COMMENT ON PROGRESSIVE ECONOMIC ASPECTS

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 33 No 6, Jun 85 pp 867-82

[Report by Richard Eilemann/Eckhard Schmidt/Gerhard Vogel on the conference of the Scientific Council for Economic Research, held in Berlin on 29 January 1985]

[Text] On 29 January 1985, the Scientific Council for Economic Research at the GDR Academy of Sciences met in conference, presided over by its chairman, Prof Dr Dr Helmut Koziolk, member of the SED Central Committee, member of the GDR Academy of Sciences and director of the Central Institute for Socialist Economic Management at the SED CC. The conference discussed "approaches to the improvement of the national economy's efficiency in the conditions of intensively expanded reproduction."

The meeting was attended by, among others: Horst Heintze, SED CC member, member of the presidium and secretary of the FDGB federal executive board; Prof Dr Werner Kalweit, vice president of the GDR Academy of Sciences; Dr Walter Siegert, state secretary at the Ministry for Finance; Harald Rost, deputy chairman of the State Planning Commission; Dr Kurt Fenske, deputy minister for Foreign Trade; Dr Guenter Kusch, section head, planning and finance department at the SED CC; the chairmen of the main regional councils for economic research in the GDR; other representatives of the part and state apparatus, combines, foreign trade enterprises and the media.

The conference was held jointly with the Scientific Council for Issues Related to the Perfection of Planning and Economic Accounting.

The conference was meant to discuss the new and greater challenges and tasks arising in the conditions of comprehensive intensification, in particular with regard to

- The improvement of efficiency, its planning and evaluation,
- The development of efficiency reserves and the utilization of the new conditions emerging as a result thereof,
- New theoretical and practical questions,

-- The resolute continued pursuit of SED economic strategy in preparation of the Eleventh SED Congress.

These key issues were the topics of reports by Siegfried Menzel, deputy chairman of the State Planning Commission, and Prof Dr Gerhard Scholl, chairman of the Scientific Council for Issues of the Perfection of Planning and Economic Accounting (see the articles at the beginning of this issue).

The following spoke in the subsequent discussion: Prof Dr Dr Helmut Koziolk, Horst Heintze, Dr Guenther Fielitz, Prof Dr Eberhard Garbe, Prof Dr Gerhard Koehler, Prof Dr Herbert Kusicka, Prof Dr Harry Maier, Dr Uwe Moeller, Dr Johann Pohl, Dr Walter Siegert. Written contributions to the discussion were submitted by Prof Dr Hans-Joachim Beyer, Prof Dr Bernhard Groche, Prof Dr Fritz Haberland, Prof Dr Heinz Hanspach, Prof Dr Wolfgang Heinrichs, Prof Dr Peter Hoss, Prof Dr Gertraude Hummel, Prof Dr Willi Kunz, Dr Roland Mieller, Prof Dr Franz Pleschak, Prof Dr Georg Ritzschke, Harald Rost, Prof Dr Ekkehard Sache, Prof Dr Horst Schneider, Prof Dr Klaus Steinitz, Prof Dr Gerhard Tietze.

In his fundamental contribution, Koziolk dealt with issues involved in the further perfection of management, planning and economic accounting with respect to comprehensive intensification and the progressive strengthening of democratic centralism as the outstanding precondition for the improvement of the national economy's efficiency in the interest of the policy of the main task in its unity of economic and social policy.

He showed that uninterrupted economic growth had been guaranteed thanks to socialist planning and its steadily rising efficacy, thereby providing decisive prerequisites for the better satisfaction of the working people's material and intellectual needs as well as for the expansion of the material-technical base of the socialist state and the security of national defense. This also involved a significant change of structures. We were able to achieve sufficient flexibility in socialist planning to produce more with less energy, raw materials and other materials and thereby increasingly better meet the needs of comprehensive intensification as the basic requirement of our economic strategy. We have seen confirmed the assertions of the Marxist-Leninist classics, according to whom the growth of labor productivity was, is and will be the key issue with regard to all measures for the perfection of management, planning and economic accounting. In this connection and by reason of their status in the national reproduction process, the combines have a special responsibility for economically and as well as possible utilizing the most advanced achievements of science and technology.

Koziolk stressed that we have plenty of evidence to show that the inclusion of foreign trade operations in the reproduction processes of combines permits the cycle research-technology-production-sales to be optimally organized. This generates new challenges to central state planning and balancing as well as to the flexibility of the national economy. In the end, we had succeeded in raising the national income and simultaneously lowering the consumption of energy, raw materials and other materials in absolute terms. This process was linked with a qualitatively new stage in the performance appraisal of combines and enterprises because, by means of the main indices net product, net profit,

products and services for the general public and exports, the economic interest of combines and enterprises was directed to greater output growth combined with declining production consumption and falling costs as well as to the increase in their contribution to the national economy's final product available for distribution at the best possible quality and reliability. The independent responsibilities of combines and enterprises had risen as the result of the further perfection of management, planning and economic accounting and extended to export operations and the achievement of satisfactory export earnings and profits.

He explained that the constant coincidence of material and financial planning as well as the further perfection of costing on the basis of realistic criteria--with regard to live as well as embodied labor--is imperative for the effective utilization of management, planning and economic accounting. Firm links between science and technology on the one hand and intensively expanded reproduction in the combine on the other, enable us to achieve a closer association of plan and economic accounting in the field of science and technology. A significant rise in efficiency is thereby achieved on the basis of tasking workbooks and aggregate accounting. Based on a thorough analysis of the result accomplished in the improvement of the cost/profit ratio, it will be imperative

- Steadily and fully to accomplish the performance and efficiency targets set by the plan.
- By raising scientific-technical performances even more rapidly to back the structural and assortment changes required in the combines and enterprises to guarantee the accomplishment of national tasks.
- By lower costs and higher profits to make even greater progress in the improvement of the cost/profit ratio at all stages of the reproduction process.

In his contribution to the discussion, Heintze described the fundamental tasks arising for the socialist competition as the main arena for the working people's participation in the improvement of national efficiency by means of comprehensive intensification. He showed that the socialist competition had turned into a qualitatively new productive force on the occasion of the 35th anniversary of the GDR and in preparation of the 40th anniversary of the victory of the glorious Soviet Army and the liberation of the German people from fascism. As a consequence of the convocation of the Eleventh SED Congress, it has been enhanced by further initiatives of the working people. With its slogan "greater output for the benefit of the people and peace--forward to the Eleventh SED Congress," the socialist competition is geared to the requirements of the new stage in the realization of the SED's economic strategy. The obligations assumed by combines, enterprises and working people are directed with increasing efficacy to the resolute implementation of comprehensive intensification.

Heintze emphasized that the new and greater challenges to the socialist competition are revealed especially by the fact that it is largely directed to output and the dynamic growth in the national performance. The plan is both

the basis and the starting point for the substantive organization of the competition and for the appraisal of its results. At the same time it orients all creative initiatives and potentials to the fulfillment and overfulfillment of plan targets. The plan discussion is immensely important in this context, both in order to discover reserves as well as using them as per plan and productively.

Also stressed was the increasing significance of the socialist competition for the speed-up and application of scientific-technical progress. It will therefore be necessary on the basis of the plan science and technology and the tasking workbooks to more intensively struggle for the planned achievement of a highly creative standard of work in order by top achievements suitable for licensing to substantially raise national efficiency. It is imperative to even better utilize the potentials of social team work by science and production and to encourage comprehensive competition. The socialist competition must everywhere take account of the speed-up of innovator processes for a new rationalization push. That will succeed wherever the innovator movement is a firm element of the socialist competition.

The speaker also emphasized the need in the objectives of the socialist competition to devote greater attention to the issue of output growth accompanied by absolutely and specifically declining energy and materials consumption as well as dropping prime costs. The record book of workers' performance must be intimately linked with tried and tested competition methods, including both personal and collective plan commitments as well as creative plans for the improvement of labor productivity. The results achieved must be materially rewarded.

In summation, Heintze pointed out the necessity to further improve management, planning and economic accounting in close connection with the creativity of the working people, for the effective utilization of the qualitative factors of economic growth and, consequently, the continued pursuit of the well established policy of the main task in its unity of economic and social policy.

In his contribution, Heinrichs dealt with the dynamism of efficiency in comprehensive intensification and the criteria for its appraisal. This involves both the more precise definition of the criterion of improvements in the cost/profit ratio, generally valid for intensively expanded reproduction, and the extension of this yardstick to the circulation of the entire national economy as well as of combines and enterprises. From the standpoint of stable economic growth and on the basis of a new stage of the economic utilization of science and technology, the manner of reproducing the conditions of a steady growth in efficiency in the short, medium and long term assumes decisive importance. If the reproducibility of the growth of efficiency must be guaranteed to provide the crucial prerequisite for stable growth, we may easily appreciate that efficiency is increasingly developing from a category largely germane to and developed in production to a category of reproduction. That is why the issue of the sources of efficiency growth and its reproducibility has such great practical and theoretical significance, as proved by experiences made in the GDR, too.

Heinrichs dealt specially with the sources generated by the economic utilization of science and technology. They are establishing a qualitatively new cost/profit ratio. He described the more exact differentiation of the sources of efficiency dynamism according to their reproducibility as a topical task for efficiency research.

Kunz endeavored in his contribution to show that economic growth is increasingly carried mainly or altogether by the use of qualitative factors in the national economies of the other European CEMA member countries as well as of the GDR. These qualitative shifts, governed increasingly by features relating to intensive development, are creating more favorable conditions for more quickly and with greater effect for all involved to develop socialist economic integration among the national economies of the CEMA member countries as the crucial prerequisite for intensification and economic growth. Planned cooperation among the socialist countries in accordance with the new conditions and by the all-round deepening of cooperation and the progress of socialist economic integration is a task best accomplished by properly linking the interests of the respective countries. The mobilization of the many available efficiency reserves in this cooperation will crucially depend on the purposeful and effective interlinking of interests.

Kunz then dealt in greater detail with such topics as the further improvement of long-range conceptual work, the drafting of conceptions for greater refinement and their connection with socialist economic integration, intensification in the combines by taking advantage of socialist economic integration, meeting the needs of the partners at the greatest possible economic efficiency and tasks in the field of direct relations.

Kusicka talked of finding out how economic growth and efficiency are effected by scientific-technical advances, and how these opportunities were used in past years by the entire management and planning system. The closer interlinking of science and production, the measures adopted for the further improvement of management, planning and economic accounting as well as the renewal of production, the many and varied initiatives in the socialist competition with regard to the practical accomplishment of the tasks involved in learning to handle science and technology--all these are examples of the systematic efforts made to speed up scientific-technical progress.

As for details, Kusicka reported prevailing thoughts on the renewal of production and the time factor involved--from research to sales efficacy. In connection with the renewal of production as a basic requirement for advancing scientific-technical progress and its best possible economic utilization, it will be necessary to consider the issues involved in the intensification of scientific-technical work, the qualitative composition and standard of performance of cadres, the selection and deployment of, especially, young and capable cadres including their continuing education, the equipment with research apparatus and its optimum utilization.

Kusicka dealt with yet another issue--the economic appraisal of scientific-technical work. He described this as of the greatest practical significance in connection with ongoing steps toward the economization of scientific-technical work and its inclusion in economic accounting. Basically, it is



imperative to achieve even greater understanding of value formation, the social expenditure required for it and the realization of values.

Pohl's contribution was concerned with the requirements arising from the development of microelectronics as the key technology. He emphasized as an essential feature of the scientific-technological revolution the fact that the role of technology as a science in general and the development of concrete technologies must move to the forefront. It takes the technologies to render effective in terms of the economy the achievements of scientists in many disciplines for the increasingly efficient organization of the material production processes and, therefore, the improvement of labor productivity. Whenever this economic efficacy features a high standard, above average dynamism and ranges across the entire national economy, we may say that the respective technologies exercise a key function. Microelectronics has such a function. By way of examples, he briefly described the results so far recorded in the GDR with regard to the speeded-up development, production and application of microelectronics to deepen further processing at the national level. At the same time, he stressed features such as the rate of speed-up, the growth of the volume of output and the more purposeful expansion of assortments as the foundation of a significant rise in labor productivity. Pohl pointed out that microelectronics is being handled on the basis of general conditions in the GDR and close cooperation with the USSR and the other socialist countries. He also cited examples to show that the rate and standard of development in the field of microelectronics is accompanied by a shift of the costs from the user to the manufacturer of the components. This, he said, is due to the objective tendency to introduce microelectronic components in electronic devices and the ever wider assumption of system decisive functions by integrated circuits. By way of these developments, he demonstrated how the Microelectronics Combine copes with the rising challenges, and the approaches it has taken to that effect.

Beyer spoke about the new challenges to performance arising from comprehensive intensification. He started from the assumption that the development of the creativity and initiative of the working people is most intimately linked with the perfection of management, planning and economic accounting, and that further progress in intensification will require us to make irreversible the turn in growth initiated. This again depends on the greatest possible economic dynamism achieved by rising efficiency, and on making that growth permanent in all national spheres. The capacity for reproduction of the conservation of time, materials and costs will definitely decide the stable foundations of dynamic growth. Planning must be geared to a change in the sources of growth. All truly lasting growth impulses derive from scientific-technical advances, a high standard of scientific-technical work. The renewal of products and equipment is crucial. Beyer also described the rising challenges to the performance appraisal of combines and enterprises. This must help develop reproducible sources of resource conserving growth and provide long-range and stable foundations for the rise in output. It includes more intensive preoccupation with the economic substance of the indices of performance appraisal. The transition to comprehensive intensification is also characterized by the new quality of features of the reproduction process from the standpoint of the stage of sales. The combines' flexibility and ability to respond have become essential elements of the increase in national

efficiency, so that these features require adequate reflection in management, planning and economic accounting. In conclusion, Beyer stressed that the mobilization of all motive forces for the rise of efficiency in combines and enterprises crucially depends on the standardized direction of the performance principle, beginning with the performance appraisal by way of the earning and spending of funds to the material and moral stimulation of higher work performances and initiatives in the socialist competition.

Another contribution to the discussion dealt with the connection between production structure and the improvement of efficiency. The greater importance of changes in the production structure affects its appraisal, selection and efficiency. This is due in particular to scientific-technological progress, its speed-up and the greater economic and social utilization of its results by the changed conditions of the reproduction of energy and raw materials. The reporter described in detail the connection between structural changes, energy and raw materials conservation as well as the production structure, proportionality and time factor.

Some topics of efficiency ascertainment were dealt with in another contribution by the use of the example of automation. It was shown that, with regard to comprehensive automation projects, cost and profit must be at all times determined by the national standpoint. The conference heard a detailed description of the factors to be noted in investigations of efficiency, and how efficiency may be affected by a wider application of variant comparisons in the process of the preparation and drafting of automation projects.

Rost's contribution dealt in detail with the challenges to socialist planning, arising from the transition of the national economy to comprehensive intensification in the qualitatively new stage of implementation of the economic strategy, and which represent important prerequisites for the measures decided upon by party and government with regard to the perfection of management, planning and economic accounting. Central planning is thereby further improved as the decisive basis of socialist management and the main tool for guaranteeing planned and proportional development, the coincidence of the combines' and enterprises' economic interests with national needs further developed and a contribution made to the increase in the economic effects of science and technology as the fundamental precondition for long-term and stable economic growth.

It was shown that these measures in the field of investments and fixed asset reproduction substantially raise the degree of efficacy of the capital invested, allowing the modernization of fixed assets to become the main method of fixed asset reproduction; that the planning of science and technology, investment planning as well as the planning and balancing of the social labor capacity are more closely interlinked, checks of the observance of efficiency criteria increased, the State Bank is assigned farther reaching tasks and powers, the construction of rationalization aids stimulated by financial rewards. Stressed, in particular, was the importance of the measures decided upon for the perfection of the management and planning of the social labor capacity for the improvement of labor productivity. It was also emphasized that the measures decided upon also speed up the development and production of industrial consumer goods as a profile and growth determining factor. All of

this presumes the improvement of the standard of material balancing as a key point in the perfection of planning consonant with the requirements of comprehensive intensification and requires the guarantee of the unity of plan, balance and contract as well as the creation of realistic value criteria (changes in industrial prices, farm price reform, the introduction of the contribution to social funds, the revaluation of fixed assets.

In connection with the implementation of the measures for the perfection of management, planning and economic accounting and the results achieved thereby with regard to the advance of efficiency, it was pointed out in the course of the discussion that the effectiveness of profits in the socialist economy needs to be raised even more. This calls for the continuing improvement of planning and profit utilization. More consistent account needs to be taken of the principle that anything profitable for the national economy must also profit the combines and enterprises.

It was explained that the establishment and consolidation of combines provided excellent prerequisites for the development and application of economic standards. Now it is a matter of relating these standards more thoroughly to all performance growth. This would make sure that all performance reserves are included in the plan and the necessary material-technical supplies for production and sales guaranteed as planned, while a greater degree of coincidence is achieved between the interests of the national economy and those of the combines, enterprises and collectives.

The issues involved in the evolution of efficient production and foreign trade structures on the basis of input-output balances in physical terms and terms of value were also discussed in detail. The more exact reflection of national interrelations achieved thereby was defined as a requirement of intensively expanded reproduction. The national structural relations would be compiled on the basis of materials, equipment and consumer goods balances and encompass the entire national reproduction process. Various efficiency indices had been formed on the basis of total costs, such as costs of exports, foreign exchange earnings, net foreign exchange yield, primary energy and materials costs, the extent of processing. These permit a more profound analysis of the national structure and the evolution of a nationally efficient production and foreign trade structure.

Also discussed were issues related to the further perfection of efficiency planning as an important element of the five-year plan and the annual plans. It was shown that efficiency calculations and analyses have rendered satisfactory services as the starting points of planning. It was said to be imperative in the course of the implementation of the all-round fund conserving type of intensively expanded reproduction to develop growth, resources and spending in specific ratios. As a rule we will have to aim for a smaller rise and sometimes even decline in the use of resources. Improvements in efficiency must therefore begin with the national criteria of intensification and the respective indices and standards. It is particularly important in this context to perfect the tools for efficiency calculations and use them more effectively.



It was shown in detail that factor justifications and performance comparisons are of specially great importance for the discovery of performance and efficiency reserves. According to earlier experiences, performance comparisons best carry out their function as the driving force of performance and efficiency advances, if they are appreciated as political tasks, if concrete economic factor analyses are to hand and indicate factors that are both comparable and capable of being affected, if best values are accepted and made the standards of individual work; above all if performance comparisons are considered and realized as an important management task within the framework of the conduct of the socialist competition for the implementation of SED economic policy. In this context, the speaker stressed that satisfactory results have been achieved by the use of factor analyses for the justification of efficiency objectives with regard to labor productivity, fixed asset management, export efficiency, net production and net profit. An essential factor has been the introduction of the proof of the plan and balance efficacy of the measures of scientific-technical progress. Factor analysis still needs to be perfected with respect to the lowering of production consumption. Satisfactory experiences are also to hand regarding the use of EDP deployment projects, for example in central state planning relative to the project "complex performance and efficiency calculations" which facilitates performance comparisons among combines and a comprehensive appraisal of performance and efficiency development on the basis of time series comparable in terms of time and structure. It was also shown that measures of scientific-technical progress and advanced renewal rates of production, for example, result in the greatest possible national efficiency wherever tangible progress had earlier been achieved in all stages of the reproduction process. Day-to-day operations confirm that general efficiency is largely determined by the successful handling of the first phase of the cycle science-technology-production-sales. Performance comparisons will have to take even more account of this fact.

In this connection, Schneider dealt in great detail with the new challenges arising for intensification and the improvement of the efficacy of scientific-technical efforts in combines and enterprises on the basis of the tasking workbooks. He agreed with the frequently heard opinion that consideration for the differences between work in the sectors science and technology and the production sectors has definite practical consequences for the concrete approach to the management, planning and stimulation of research and development. The proper conclusions need also to be drawn with regard to the socialist competition for the development of the working people's initiative in the sectors science and technology, above all the work with the tasking workbooks. There is not the shadow of a doubt that the economic efficacy of science and technology is ultimately decided by the quality of the management of scientific-technological operations and the standard of the creative mass initiative of scientific-technological cadres. The results of studies show that the tasking workbooks present a crucial base of the competition, offer the possibility of conducting the competition on the basis of Leninist principles in the sectors of science and technology also--taking into account the differences in requirements--, thereby cut the development and transfer

times fixed in the tasking workbooks and exceed listed economic and technical parameters. That is why initiatives in research and development are particularly effective if the objectives are phrased in the tasking workbooks so that

- The objectives recorded in the summarized tasking workbook proof help safeguard at least the planned performance and efficiency indices of combines and enterprises,
- The targets in the tasking workbooks are set in accordance with future international top standards and the time of the sales efficacy of prevailing market demand,
- The comprehensive nature of innovation processes is guaranteed.

Schneider pointed out that combines and enterprises at best set the starting points for the development of a challenging competition, oriented to top scientific-technological performances, at the stage of the defense of the tasking workbooks. However, this defense relates to the result, not the process of the generation of the requirement in regard to standards, in other words to decisionmaking. It would be beneficial to move the starting point of the competition to the stage of task and objective setting, because subsequent efficiency and productivity depend on the standard of scientific-technological objectives. It is also important to remember that tasking workbook targets are not the same as competition obligations. Indeed, the former are minimum official requirements to be exceeded in the socialist competition, plan targets for research and development, which are the bases of the respective competition obligations in the meaning of cost and time cuts. At the opening defense especially, the labor unions should, therefore, direct their attention to unequivocal statements regarding the greatest possible national use effect and a correspondingly high standard of scientific-technological objectives. One difficult question with regard to the development of the socialist competition in research and development collectives cannot yet be settled in every case. It concerns the needed comparability of work and competition results.

Haberland's contribution examined the connection between the speeded-up renewal of production and national efficiency. It also indicated the reserves available. Haberland addressed himself specially to combines and enterprises where the circulation of intensively expanded reproduction is relatively closed. He emphasized the importance of clear economic decisionmaking criteria for new productions (products, materials, processes and technologies), and of a favorable cost/profit ratio. This calls for exact and comprehensive world standard comparisons and presumes a quick response to customer wishes and the greatest possible production flexibility. It is imperative to take account of the trend of the development of cost changes in favor of highly automated products, usually customer specific rationalization, modernization and automation solutions involving hardware and software. Required for keeping costs down are entirely new designs and technological solutions (up to and including warehousing and assembly processes), and, above all, conclusions with regard to research and development (flexible automation, flexible manufacturing sections and workshops). Ambitious renewal rates,

amounting to 30 percent and more, must be coupled with a new quality in the stability and flexibility of component supply and cooperation relations. Product quality and reliability are becoming the prime requirement for the greatest possible efficacy, and this calls for a reliable quality control system.

Much attention was devoted in this context to "zero fault work." It was shown that modern communication and information equipment must be used to safeguard the satisfaction of the requirements mentioned in production preparation and implementation as well as in the management and planning of the entire reproduction process. The cycle from research to sales must be shortened. According to our own and international experiences, significant potentials for time savings, cost reduction, productivity and efficiency improvements are provided by the use of computer backed development and manufacture. The process related use of office computers and base microcomputers is of similar importance.

Altogether, scientific-technical innovation processes were much to the fore in the discussion, in view of the fact that they are the keys to the implementation of intensively expanded reproduction. Their special role in the situation regarding resources was emphasized. It will be necessary to consider the entire innovation cycle when appraising the efficiency of innovation processes, to take into account the differences between various types of innovations and give greater consideration to the time factor. The time factor might be more exactly assessed in the appraisal of products and processes if an item matrix were used.

The discussion described the further processing conception of the combines as a decisive management tool for the implementation of the SED's economic policy. On the basis of continuous analytical-forecasting and long-range conceptual work, it should set the course of the development of the greatest possible national efficiency in accordance with the criteria of comprehensive intensification. As earlier experiences have confirmed, it is imperative to keep in mind general national objectives and requirements of efficiency development, give them a sound foundation by the most realistic possible solutions and concrete measures, from the very first moment ensure close cooperation between ministries and combines as well as among ministries and combines. Also stressed as a fundamental requirement for efficiency was the guarantee of demand-appropriate, profitable and marketable products. For that purpose it is essential to define the product structure or production assortment, carry on increased analytical-forecasting work with regard to scientific-technological development standards, to the development of needs and demands as well as market trends. Mentioned specially as important criteria of efficiency improvements by further processing were the reduction of the expenditure of embodied and live labor, renewal, energy and materials conservation, fixed asset reproduction, the rational use of the social labor capacity and cooperation at the national and international level. It is more and more important to properly handle the interlocking features of the reproduction process, utilize them as factors for improving efficiency as well as to devote proper attention to cost and profit development at the same time as to material processes, even before the conceptual stage. Also emphasized in the discussion was the significant rôle of materials management appropriate

to further processing with regard to the greatest possible national efficiency. This involves measures for the reduction of specific materials and energy consumption by new products or changes in product features as well as by the lowering of specific materials and energy losses consequent upon the perfection of technological processes, and the reduction of the material intensity of production (rational materials circulations). What we need are technologies yielding products with low or no wastage, constructions and product designs allowing for recycling, which help minimize costs in the subsequent utilization as secondary raw materials of the raw materials and other materials contained in the products and are also less polluting for the environment. The use as secondary energy of waste heat produced in the course of materials circulation is also gaining importance. That is demonstrated by the situation with regard to resources and world market prices.

Several contributions to the discussion dealt with labor scientific and social aspects of efficiency growth.

Hanspach noted, among other factors, that research in the field of the conservation and organization of labor, carried out in recent years, was concerned with the problems and tasks aimed at the efficient utilization of the social labor capacity by the widespread use of the scientific organization of labor. Evident successes were achieved in cooperation with combines, enterprises and regions. If proper account is taken of it by management and planning at the various levels of the economy, live labor has shown to be increasingly important for present and future advances in efficiency. We have seen confirmed that:

- The speed-up and economic utilization of scientific-technical progress is decisively determined by the manner of organizing labor, and how the manual and mental potentials of the labor capacity are deployed and used. It is certainly out of the question for the advances of science and technology to limit the influence of live labor.
- In the conditions of intensively expanded reproduction, science and technology achieve their greatest efficiency if man as the main productive force and subject of production is able to develop, as important qualitative factors of his labor capacity, his training, skills, mobility, social consciousness and willingness to do his best. Research in the field of "work and wage" demonstrate that important sources of performance growth are developed thereby.

Hanspach subsequently dealt in detail with the scientific organization of labor. Drawing on an analysis of the results achieved in recent years, he stressed the current process of the fundamental perfection of scientific labor organization from the aspect of its process related application. Particularly important is its function with regard to the improvement of the efficiency and productivity of labor as well as its contribution to the speed-up of the circulation of intensively expanded reproduction in combines and enterprises. Efforts concentrate on three crucial features:

- Raising the efficacy of science and technology;

- Developing and more efficiently utilizing the social labor capacity;
- Perfecting combine management and planning for the rationalization of the relatively closed reproduction process, in particular by the widespread use of the Schwedt initiative.

For the immediate future, Hanspach emphasized four key tasks:

- Scientific labor organization must be developed and used as an element of science and technology for the increase in its economic and social efficacy, the resolute application of labor scientific findings at all stages of the reproduction process.
- The employment and utilization of the skilled labor capacity contributes to the lowering of production consumption per unit of use value and is of increasing importance for further processing.
- The growing extent of the equipment of work stations and processes requires the efficient utilization of fixed assets with the help of the scientific organization of labor. This latter must be directed to the goal of allowing modernization to increasingly becoming the main form of the reproduction of fixed assets.
- The process related perfection of the scientific organization of labor must contribute to the full utilization of the new opportunities offered combine management and planning for the intensification of the reproduction process and the creation of stable conditions for the steady and long-range advance of output.

In summation, Hanspach stressed the fact that the basic demands for the greater efficiency of the national economy will largely help determine the directions of research in the years 1986-1990. The main orientations of the plan largely coincide with those of the partner institutions in the USSR and the other socialist countries for joint CEMA research.

Also dealt with in the discussion were other aspects: How, for example, to make even more effective our social labor capacity consonant with the new challenges and within the complex of intensification factors. Indicated in particular were factors suitable for generalization and arising from experiences gained in the sectors ore mining, metallurgy and potash. To begin with, a ministerial plan of operations, drafted in further development of the long-range conceptual work for the current five-year plan, controls the unity of scientific-technological progress and the improvement of the economic and social efficiency in the employment of the social labor capacity as a prerequisite of the plan. Secondly, it has been possible to further define the unity of the technical-economic-social advances in the program of indices by way of the performance comparison of comprehensive WAO [scientific labor organization] studies, and substantially raise the standard of results.

Other reports spoke of the need to consciously bring about the coincidence of scientific-technological and social progress, in order to make fully effective social security as the motive force for the improvement of national

efficiency. The enterprise aspects of the implementation of our social policy are particularly important in this context. The factory, the work station--the main fields of application of scientific-technological advances--are confronted with the task to daily demonstrate this connection to the working people. It is therefore the central task of enterprise social policy in combines and factories to provide socialist and progressive working conditions and job content. It is imperative in varied ways to affect the social development and lifestyles of the social groups, and in this connection the even more rational cooperation between enterprise and region obtains additional import.

Fielitz dealt in detail with this group of problems, demonstrating by the experiences gained in Gera Bezirk how a region may contribute to the improvement of efficiency. It had been found useful to draft a long-range conception of social, economic and intellectual-cultural development in the region on the basis of the general chart for the location of the productive forces. This focused first of all on raising the degree of utilization of regional resources for the principal directions of scientific-technical progress and its greatest possible economic utilization; secondly on regional backing for intensification and rationalization measures in combines and enterprises and the organization of efficient cooperation relations in the region, including those designed to raise the output of consumer and export commodities; thirdly the regional encouragement of the evolution of rational systems for distributing the locations of combines and efficient parent plants. Experiences have shown that the concentration of regional resources on the speeded-up accomplishment of the decisive tasks of scientific-technical progress, the comprehensive intensification in combines and the encouragement of their rational division of labor represent one of the most important regional contributions to the efficiency of the national economy as a whole. The progress made by the parent plant of the Hermsdorf Ceramic Works Combine, for example, shows how regional measures for the expansion and continued training of the social labor capacity and the development of the infrastructure make possible the necessary expansion of capacities. That also affects the expansion of the research capacities needed, which were not fragmented in various locations but could be concentrated at the Hermsdorf site.

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ECONOMY

POLAND

## POLICY GUIDELINES ON IMPLEMENTATION OF 1986 PLAN

Warsaw RZECZPOSPOLITA in Polish 12 Dec 85 supplement REFORMA GOSPODARCZA No 64 pp 3, 4

[Abridged version of Annex No 3 to Council of Ministers Resolution No 178/85 dated 15 November 1985; first paragraph is RZECZPOSPOLITA introduction]

[Text] We are publishing here the abridged text of Annex No 3 to Council of Ministers Resolution No 178/85 dated 15 November 1985, concerning the National Annual Plan for 1986. The full text of this annex will be published in one of the upcoming issues of DZIENNIK URZEDOWY KOMISJI PLANOWANIA PRZY RADZIE MINISTROW.]

### I. Principles and Instruments for the Allocation of Fuel, Energy and Raw and Fabricated Materials Resources in 1986

The steering of materials management in 1986 is subject to the implementation of the following goals:

- aiding the processes ensuring the reduction of fuel, energy and raw and fabricated materials consumption per production unit,
- optimally allocating fuel and raw and fabricated materials resources within the trade apparatus-producers structure,
- increasing the supply of scarce material resources.

1. The procurement policy for 1986 aims at ensuring supplies of raw and fabricated materials to those producers that undertake to implement the tasks defined in the CPR in the most efficient manner.

2. In 1986, priorities in procurement (comprised of the guaranteed delivery of articles covered by compulsory brokerage and the priority purchase of other materials) affect:

- 1) the implementation of tasks covered by government orders and the production task programs specified in the CPR,
- 2) needs related to the defense and security of the country, including those related to state reserves,
- 3) needs related to the production of processed products designated for export according to the list drawn up by the minister of foreign trade by agreement with the chairman of the Council of Ministers Planning Commission and the minister of materials and fuels management.

- 4) tasks implemented by small-scale production units that by statute employ workers not fully competent to meet the demands ensuring the implementation of tasks emanating for these units from the annual plan,
- 5) needs related to the elimination of the consequences of natural disasters,
- 6) the implementation of tasks of housing complex construction together with the technical and social infrastructure within the territory of the Warsaw-City Province.

3. Producer goods trade takes place on the basis of freely contracted agreements between consignees and producers.

3.1. Within a limited scope, the following are continued in 1986:

- the compulsory brokerage of trade units in the area of selected fuels, raw and fabricated materials and products,
- the distribution of some means of transport and construction machinery,
- the allocation of the purchase and consumption of fuels and energy.

3.1.1. Trade units conducting the sale of materials covered by compulsory brokerage and units allocating the consumption of electrical power and gas fuels are obliged to meet in full the needs emanating from the priorities outlined in section 2.

3.2. The principles of the compulsory brokerage of trade units and the distribution of some means of transport and construction machinery are defined by Council of Ministers Resolution No 124 dated 19 July 1985, concerning the principles and organization of the producer materials and equipment procurement process from 1986 to 1990 (MONITOR POLSKI No 22, item 164).

3.3. The principles of the allocation of fuel and energy consumption are regulated by separate regulations issued on the basis of article 26 of the law dated 6 April 1984 on energy management (DZIENNIK USTAW No 21, item 96).

3.4. By 31 December 1986, the minister of materials and fuels management shall prepare proposals for the further restriction of the scope of compulsory brokerage in trade up to the volumes indispensable for guaranteed procurement.

4. In order to safeguard the plan and enable the efficient moderation of problems arising in the course of its implementation, balance reserves will be activated. The balance reserves of nationally balanced materials covered by compulsory brokerage are administered by the chairman of the Council of Ministers Planning Commission (having sought the opinion of the minister of materials and fuels management) within the area of the balances confirmed by the Council of Ministers, and by the minister of materials and fuels management in the area of the balances confirmed by him. Deliveries from domestic production or import larger than the volumes specified in national balances are designated in their entirety for augmenting balance reserves.

5. The principles of pricing, credit and financing policy and the following instruments shall foster the growth of supply and the rational management of resources:

5.1. Income tax reductions shall be applied on the basis of the Council of Ministers decree dated 27 December 1983 (along with changes added later) concerning reductions in income tax (DZIENNIK USTAW No 75, item 337) for:

- the implementation of the production and services capital spending projects of enterprises undertaken to activate or increase production through the management of scrap materials, secondary raw materials and not fully efficient materials,



- the implementation of modernization ventures undertaken to reduce the institutional consumption of the fuels, energy and raw materials specified by the minister of materials and fuels management,
- conservation in the consumption by production units of some raw and fabricated materials, fuels and energy in short supply.

Moreover, beginning 1 January 1986, reductions of 30 percent on the income tax owed will be introduced for specialized units of secondary raw material procurement and processing. Two-thirds of the funds obtained from this reduction will be transferred to the Secondary Raw Materials Fund to be designated for the development of a secondary raw materials procurement and processing network.

5.2. Material incentives will be used to economize on raw and fabricated materials (indicated by the minister of materials and fuels management) according to the principles outlined in Council of Ministers Resolution No 130 dated 7 October 1983 (along with changes added later), concerning the use in state enterprises of an experimental system of material incentives for economizing in the consumption of raw and fabricated materials.

Moreover, the possibility of the use of an experimental system of material incentives for economizing in the consumption of fuels and energy is introduced for the production of specific products. By the end of 1985, the minister of materials and fuels management shall prepare a draft of an updated Council of Ministers Resolution No 130, concerning the use of an experimental system of material incentives.

5.3. The parent agencies as well as the Ministry of Labor, Wages and Social Affairs and the Ministry of Materials and Fuels Management shall propagate the use of the principle of directly relating bonuses and awards to the results of economizing in plant emoluments systems. To this end:

- the minister of labor, wages and social affairs, by agreement with the minister of materials and fuels management and parent agencies, by 31 January 1986, shall prepare framework/model regulations of granting bonuses and awards based on the rational management of materials, fuels and energy,

- the minister of labor, wages and social affairs, together with parent agencies, shall adopt the principle that, in rendering opinions on and confirming plant emoluments systems, they shall take note of the creation of the possibility of paying out bonuses and awards that are directly contingent upon the efficient management of raw and fabricated materials, fuels and energy and upon the attainment of the proper level of quality of manufactured products.

5.4. The president of the Polish National Bank:

- a) shall examine the possibility of the financing, as a supplement to bank credit, (within the framework of a credit plan) of ventures aimed at the management of industrial scrap materials as well as secondary raw materials originating in the Katowice Province,
- b) shall prepare the principles of the granting of credit to socialized and private farms and gardens for the partial or total financing of:

--the building of stations utilizing recycled energy (e.g., biogases, water power and the like),  
--ventures enabling the use of waste energy from industry for farm production.  
c) shall examine the possibility of the financing, as a supplement to bank credit, (within the framework of a credit plan) of ventures having the purpose of fine coal and brown coal utilization as a substitute for gas, coal, coke and heating oil fuels in short supply.

5.5. The following centralized funds will be in operation:

- a) a fund for the development of retread tires in accordance with Council of Ministers Resolution No 273, dated 29 December 1982, concerning ensuring conditions for the development of retread traction tires,
- b) a centralized fund for the economization of fuels, energy and raw and fabricated materials (Council of Ministers Resolution No 137 dated 17 October 1983 concerning the creation of a central fund for the economization of fuels, energy and raw and fabricated materials, MP No 36, item 202).

The monies in the fund are earmarked for granting financial assistance (subsidies and non-interest-bearing loans) to units of the socialized economy that embark upon modernization ventures directed towards obtaining economizing effects in the area of fuels, energy and raw or fabricated materials on the scale of the economy, as well as embarking upon capital spending projects in the area of the production of scarce fuels and materials.

Units of the socialized economy that do not observe regulations on the sale of products (services) on which there is a production ban, on the use in their production of overly energy-intensive or materials-intensive technologies and on the use of some materials for the production of specific products (services) are obliged to make a payment into the previously noted fund.

- c) the centralized fund for secondary raw materials (Council of Ministers Resolution No 13 dated 11 February 1983, concerning the fund for secondary raw materials--MP No 8, item 48).

The monies in the fund are earmarked for granting financial assistance (subsidies or low-interest and non-interest-bearing loans) to units of the economy that undertake to obtain and use effectively waste products as secondary raw materials.

Units of the socialized economy that destroy useful waste products or diminish their utilitarian value are obliged to make a payment into the fund for secondary raw materials in the amount specified in the previously noted resolution.

5.6. Restrictions and bans on production and on the use of specific technologies shall be introduced. The minister of materials and fuels management shall introduce bans on the use of some materials for the production of specific products (services), the production of products and the use of production technologies that are excessively materials-intensive and energy-intensive.

5.7. The use of raw and fabricated materials, fuels and energy for industrial products, for construction-installation production and for conducting production processes and rendering services is subject to the duty to set standards according to the principles outlined in Decree No 23 of the minister of materials management dated 23 October 1983, concerning the establishment and the use of standards and norms for the use of raw and fabricated materials, fuels and energy.

5.8. Disciplinary principles for trade shall be introduced through a change in the regulations of Council of Ministers Resolution No 207 dated 27 September 1982, concerning sale agreements and agreements for deliveries between units of the socialized economy (MP No 26, item 235). The proposal for updating shall be submitted by 31 December 1985 to the Council of Ministers by the chairman of the Council of Ministers Planning Commission at the recommendation of the chairman of the State Economic Arbitration.

## II. Instruments of Capital Spending Policy and Construction

### 1. General Principles

In the sphere of capital spending and construction, the basic tasks of the plan aim at further ordering this work and at streamlining the management of fixed assets. This should be based in particular on:

- 1) the on-time completion of implemented capital spending projects, with the simultaneous limitation on beginning new capital spending projects based on construction,
- 2) the restriction of the level of disinvestment of fixed assets and the prevention of the widening of the technological gap above all by increasing efficient capital-replacement/modernization spending projects,
- 3) the aiding of structural changes aimed primarily at:
  - a) increasing the export capability of the national economy,
  - b) reducing the consumption of energy, fuels and raw and fabricated materials, as well as managing wastes and secondary raw materials,
  - c) the development of food processing and the diminishing of farm raw materials losses,
- 4) the setting in order of construction processes, especially in the areas of:
  - a) price discipline for building-installation projects through the introduction of a standards base for the use of production elements and cost,
  - b) the broader use of engineering progress, especially including construction-materials solutions that save on materials and energy, primarily in housing construction,
  - c) the improvement of work quality,
  - d) the reduction of production costs.

### 2. Actions Aimed at Ensuring the Implementation of Basic Socioeconomic Goals

1. By 15 January 1986, the ministers and provincial governors shall make a detailed analysis of the capital spending program for 1986 in order to reduce the commitment of outlays in incomplete capital spending construction projects for the coming years and shall submit its results to the chairman of the Council of Ministers Planning Commission.

2. In the establishment of the plan of the capital spending activity of budgetary institutions for 1986, ministers and provincial governors are advised to ensure the indispensable concentration of funds for continued tasks, in first order those slated for completion in 1986-1987.

In the event that it is necessary to embark upon new capital spending tasks, the condition of the putting into operation of a budgetary unit capital spending project of at least equal cost value in the given ministry must be fulfilled.

3. An increase in the role of bank credit is recognized as indispensable, above all in the financing of ventures related to the implementation of priority economic goals, according to the principles defined in the assumptions of bank credit policy for 1986.

4. In 1986 and the years following, enterprises may accumulate funds for developmental and modernization purposes. This includes the issuance of shares according to the principles to be outlined in a decree of the Council of Ministers, in accordance with the provisions of article 34b of the law dated 26 February 1982, on the financial management of state enterprises (DZ U 1984 No 16, item 74 and DZ U 1985 No 37, item 174).

5. In accordance with the provisions contained in the budget law for 1986, the principle is upheld that the initiation of capital spending projects with a cost value above 500 million zlotys, financed in whole or in part through a budgetary subsidy, requires the approval of the Council of Ministers Planning Commission chairman, by agreement with the finance minister.

6. In order to counteract the dissipation of production potential, in 1986 the principle is upheld that the commencement of the building of new hospital facilities may be undertaken only as the implementation of hospital construction is completed in the given province.

7. In accordance with the provisions of the budgetary law for 1986, state enterprises (enterprise associations), cooperative enterprises and social organization enterprises embarking upon capital spending projects in 1986 that are comprised of a construction project encompassing cubic capacity structures are obliged to pay into the appropriate bank for the enterprise a security deposit of 20 percent of the cost value of the buildings, if the capital spending project complies with priority economic goals whose list shall be established by the chairman of the Council of Ministers Planning Commission, and 50 percent in the area of other capital spending projects.

7.1. The security deposit is subject to return under the condition that the deadline for turning over the capital spending project for utilization or the deadline for achieving the fully projected production or services capacity established before the capital spending project commences is not exceeded.

7.2. Enterprises do not pay a security deposit on capital spending projects:  
1) related to health protection, the improvement of work safety and hygiene and environmental protection--in the area regulated by the appropriate ministers,

- 2) in housing or on facilities of the community infrastructure and employee lodging facilities,
- 3) comprised of the building of: bakeries, trade and services facilities, warehouses and storage plants at procurement and agricultural-food industrial centers, as well as in ports, telephone exchanges, the production-renovation facilities of rolling stock repair plants and buildings related to the procurement and processing of secondary raw materials,
- 4) defined in section 10 of the Council of State and Council of Ministers resolution dated 30 June 1985, concerning the building and development of state regional small-scale production enterprises (MP No 19, 1985, item 144).
- 5) implemented with the use of institutional capital spending reductions in the income tax,
- 6) financed by a budgetary subsidy as well as out of developmental funds emanating partly from public contributions,
- 7) cooperatives for the blind and disabled veterans' cooperatives financed from the disabled veterans' rehabilitation fund and by the Polish Union of the Deaf and the Polish Union of the Blind,
- 8) government orders for tasks in the area of science and technology.

### 3. Principles of Distribution of Amortization

1. The amount of the standard rate of amortization to be paid in 1986 by state enterprises into the national budget or into the provincial centralized amortization account is 50 percent of the total amortization, taking into account the regulations of article 41 paragraphs 2, 4 and 5 of the law dated 26 February 1982 on the financial management of state enterprises (DZIENNIK USTAW 1984 No 16, item 74 with subsequent changes) and section 13 of the Council of Ministers decree dated 27 December 1983 on the amortization of the fixed assets of units of the socialized economy (DZIENNIK USTAW No 72, item 320). The provision in section 3 point 1 paragraph 1 of Council of Ministers Resolution No 71/84 dated 18 May 1984 is kept in force.
2. In order to generate additional capital spending funds for environmental protection, enterprises have the right to keep back for their development funds the total amount of amortization allowances computed on separately listed fixed assets that protect the environment.
3. In order to enable the acceleration of the processes of modernization and structural change in the economy, reductions are introduced in amortization payments into the national budget by state enterprises.
4. Enterprises implementing their own continued or newly begun capital spending projects in implementational cycles not exceeding 24 months in the case of capital replacement/modernization projects and 36 months in the case of developmental capital spending projects, and based on the replacement and modernization of the production techniques and technologies of the products and services defined in table no 1 that will enable an increase in labor productivity, the reduction of the energy-intensiveness and materials-intensiveness of production and an improvement in quality, as well as an increase in the volumes of the production of these products and services, are entitled to reductions in amortization payments.

In exceptional cases, the chairman of the Council of Ministers Planning Commission, acting by agreement with the minister of finances, may extend the implementational cycles for capital spending projects that qualify for a reduction.

5. The amount of the reduction is 30 percent of the cost value of the capital spending projects named in point 4, with the qualification that in particular years, the reduction cannot exceed 30 percent of the actually incurred outlays for the given capital spending project.

6. The basis of the computation by an enterprise of the reduction named in point 4 is the submission of notification of the intent to implement capital spending projects qualifying for a reduction to the appropriate treasurer's office by the end of the first quarter of the taxation year. The notification must contain at least the following data:

- 1) the name of the capital spending task and its objective,
- 2) the planned dates for beginning and ending the capital spending project,
- 3) the planned cost value of the capital spending project,
- 4) planned outlays for the implementation of the capital spending task in the taxation year,
- 5) the amount of the reduction in the amortization payment, including the amount of reductions due in the taxation year,
- 6) the planned share of amortization payments into the budget after taking into account the planned reductions and exemptions defined in article 41 of the law dated 26 February 1982 on the financial management of state enterprises.

Following the conclusion of the taxation year, the enterprise makes an accounting of the reductions in amortization payments in accordance with actually incurred outlays for the capital spending tasks named in the notification, by the deadline in effect for the preparation of a balance.

7. By the deadline in effect for amortization payments into the budget, enterprises transfer the reductions in amortization allowances into separate accounts for the financing of the capital spending projects specified in the notification.

8. Enterprises likewise are entitled to reductions in amortization payments into the budget in the event of their participation in the financing of joint capital spending projects fulfilling the conditions named in point 4. In such a case, the amount of the reduction is 40 percent of the total of enterprise payments into the account for financing joint capital spending projects. In this case, the basis for computing the reduction is the listing in the notification discussed in point 6 of the following additional information:

- a) the name and address of the implementor of the joint capital spending project,
- b) a copy of the contract on the implementation of the joint capital spending projects,
- c) the name and number of the bank account in which the funds for the financing of the joint capital spending project are held,
- d) the planned amount of contributions to the joint capital spending project, including the amount of the planned payment for the given taxation year.

9. In the area of capital spending projects aimed at an increase in export, as discussed in section 2 of Order No 17 of the ministers of finance and foreign trade and the president of the Polish National Bank dated 20 February 1985, concerning reductions for economic units for undertaking and implementing capital spending projects aimed at increasing export and concerning some sources of financing for these capital spending projects (DZIENNIK URZEDOWY of the Ministry of Finance No 8/85), the provisions of section 3 of the given order also apply.

10. Enterprises submit reductions in amortization payments into accounts for the financing of the capital spending projects specified in the notification by the deadline in effect for making amortization payments into the budget.

11. If an enterprise avails itself of a reduction that does not comply with its designation or if a capital spending project is not implemented according to the cycles discussed in point 4, it transfers into the budget the equivalent of the computed reduction plus the interest due for the late payment (...).

14. In determining reductions in amortization payments into the central provincial amortization account, people's councils are advised to use the principles outlined in paragraphs 2-11.

15. The Council of Ministers, by decree, shall define the detailed terms for the use by enterprises of reductions in payments of part of amortization allowances into the national budget or to the central provincial amortization account.

16. In order to put a real value on fixed assets and on nonfixed products, on 1 January 1986, the lower limit of the value of fixed assets shall be raised from 30,000 zlotys to 150,000 zlotys.

17. In order to enable the capital replacement of fixed assets, economic units may make a one-time reduction in the amortization of still-operative machinery, equipment and means of transport that have been totally amortized or that have an amortization period that ends in 1986.

18. By agreement with the president of the Central Office of Statistics, the minister of finances shall define the principles of the one-time revision in the amortization of machinery, equipment and means of transport that economic units make on 1 January 1986 (1 July 1986 for economic units using the fiscal year).

#### 4. National Capital Spending Projects

1. In 1986, parent agencies supervising investors and contractors shall take effect action to ensure the implementation of particular capital spending projects in accordance with the agreed-upon and confirmed operating schedules for the purpose of abiding by the deadlines for completing them and turning over production and services capabilities for utilization.



2. By 28 February 1986, parent agencies supervising investors shall submit information to the Council of Ministers Planning Commission chairman regarding:  
--the course of the implementation of national capital spending projects and of the production and services results in operation from these capital spending projects in 1985,  
--the results achieved in 1985 from the projected production and services capabilities of national capital spending projects put into operation by 31 December 1984.

The chairman of the Council of Ministers Planning Commission shall establish the detailed scope of the information described previously.

3. The financing of the program for building cooperative housing for the needs of the employee workforces of plants and enterprises that come into being as a result of implemented national capital spending projects, established for 1986 and defined in annex no 1, shall be based on bank credit granted to those investing in national capital spending projects, subject to future repayment by the housing cooperative created by the plant and enterprise employees, according to the principles and terms generally in effect in the implementation of cooperative housing construction (...)

### III. Principles and Means of the Implementation of Pricing Policy

#### 5. Major Directions of Pricing Policy

In 1986, the directions of pricing policy shall be determined by the aim to limit the rate of inflation, to rationalize the pricing structure and to restore stability in subsequent sectors of the market. Various levers and methods for impacting price levels, adapted as closely as possible to the specifics of the particular fields of production and trade, shall be used to implement these directions of pricing policy.

1.1. The principle introduced in 1985 according to which the results of the increase in the purchase price of fuels, raw materials and fabricated materials and in power engineering and transport rates may not be figured in full into the prices of the products and services manufactured with the use of these raw and fabricated materials is retained. Separate regulations govern the principles and procedure in this area.

1.2. In order to counteract unwarranted price increases that are detrimental to the general populace, to consignees in socialized institutions and to the state budget, beyond the hitherto existing levers, the following levers shall be used flexibly according to the specifics of the particular fields of production:

--in a limited scope (by comparison with 1985),  
--a ban on price increases except in cases where a price increase is justified by an increase in costs for reasons beyond the producer's control,  
--the upper ceilings of the average price increase is determined by the minister of finances; this shall apply in particular to enterprises with a large variability in production assortments; with regard to some procurement/capital spending articles, the transaction prices obtained in export or paid in import shall be taken as the upper ceiling.

--the duty to inform treasury chambers of the intent to raise the contractual and regulated price 3 weeks prior to the date that this is put into effect by the minister of finances; in accordance with the regulations of the law on prices, the treasury chamber, within a period of 14 days from the receipt of such information, may defer the price increase for a period of up to 3 months; this method of impacting the price level shall be used above all with reference to enterprises that have a small and fairly constant production assortment.

1.3. Agreements concluded by the minister of finances with particular enterprises shall be applied with regard to the policy of contractual price ruling conducted by these enterprises. These agreements defining the regulations of price ruling for goods meeting a basic standard ought to ensure the indispensable deliveries of these goods on the market and enable greater flexibility in the setting of prices for other items, allowing for a richer market assortment. The instruments and methods of impacting price levels defined in point 12 shall not be applied to the enterprises with which the agreements are concluded.

The expanded scope of application of the agreements should apply in particular to goods of general consumption (household items, cosmetics and the like).

1.4. The turnover tax shall be in active use as an element of current state policy. The rates of the turnover tax may be changed and adapted according to the market situation and the needs of stability.

An increase in supply and a price reduction on a stable market shall be the basis for reducing the turnover tax rates. The turnover tax likewise shall be used selectively for producer and capital spending goods specified by the Council of Ministers Planning Commission chairman in cases enabling a balance of supply and demand. This shall apply first to machinery and building equipment, machine tools, trucks and buses. In such cases, the principle that the turnover tax may not increase the recorded value of fixed assets shall be applied. Moreover, in the event of the taxing of machinery, construction equipment, trucks and buses, specialized equipment-transport enterprises and public and subbranch transportation enterprises shall be authorized to receive a rebate on the turnover tax paid.

By 15 December 1985, the minister of finances shall submit proposals for transferring the collection of this tax from certain products to trade.

1.5. The pricing policy shall be directed towards restricting the scope of the amount of product and organizational unit subsidies; the assumptions of price changes shall be subordinated to this. At the same time, the verification of the principle of subsidizing production in order to eliminate the financing of uneconomical management and poor quality and to increase incentives to improve management efficiency in the subsidy system shall be conducted. The scope of the use of uniform rates for groups of products shall be expanded and in fields where different subsidy rates for enterprises shall still be indispensable, in addition to average rates, maximum rates that may not be exceeded shall be established.

1.6. The verification of the duty to take action to reduce the costs of subsidized production shall be intensified.

1.7. The finance minister, using the instruments described in points 1.2. to 1.5., shall seek the opinions of the Council of Ministers Planning Commission chairman and the minister of labor, wages and social affairs regarding the impact of particular decisions on the potential for shaping the financial and emoluments situation of the enterprises covered by them.

Every 6 months, the finance minister shall submit reports to the Council of Ministers on the results of the use of the instruments named in points 1.2. to 1.5.

2.1. In the area of producer prices, the process of the gradual adjustment of coal prices to a realistic level shall be continued in order to limit the amount of subsidies for its extraction. Together with the increase in the producer price of coal, the producer prices of electrical and thermal power, as well as transport rates shall be raised. Likewise, the prices of metallurgical products and cement shall be increased, as economization tasks in the area of consumption rationalization are considered.

2.2. For the other basic raw and fabricated materials, the process of adapting their domestic purchase prices to the level of transaction prices in the event that they are higher than domestic prices shall be continued. This applies in particular to basic raw and fabricated materials imported from the second payments area whose purchase prices shall be adapted beginning in 1986 to the level of their transaction prices, followed by the introduction of such a system of setting these prices through the course of the year that, by ensuring their relative stability, would maintain a constant link between the rate of the domestic prices for purchasing these raw materials and the level of the transaction prices paid to import them.

2.3. The official prices of basic means of production shall be adjusted according to changes in the currency exchange rate.

Table no 2 outlines the indexes of changes in the official prices of basic raw and fabricated materials (...).

#### IV. Financing and Credit Instruments

Financing-credit policy in 1986 shall aim to restore stability to the state financial system by ensuring the observance of efficient economic activity. The principles of assessing enterprises also shall be used to this end.

1. In budgetary policy, the minister of finances shall act to reduce the rate of increase of budgetary outlays, including in particular production subsidies, individual reductions in income tax and capital spending subsidies. These actions shall be supported by a price policy directed towards price increases of subsidized products above all and by a credit policy aimed at increasing the share of credit in the financing of enterprise capital spending projects.

2. In order to ensure conditions for the servicing of Poland's foreign debt without violating the stability of the state financial system, the principle of rendering by all economic organizational units and financial institutions shall be introduced for this purpose. Actions shall be taken to create the Debt Servicing Fund, for which obligatory payments by economic units, established in relation to their assets, payments by private individuals and nonsocialized economic units and budgetary subsidies shall be accumulated.

The minister of finances shall prepare and submit the corresponding draft of the law creating such a fund.

3. Bank credit policy shall be aimed at assisting efforts ensuring an improvement in the level of management efficiency achieved primarily by a reduction in the energy-intensiveness and the materials-intensiveness of production and an improvement in product quality.

Banks shall increase the credit means designated to finance outlays (capital spending projects) on favorable terms that are related to:

- the growth of profitable export,
- engineering progress, including the development of electronics, robotics and automation.

Credit preferences also shall be maintained for the food economy and for enterprises producing market products whose production growth is especially needed to satisfy demand. Credit preferences shall be maintained for the financing of stores of goods emanating from import from the first payments area and designated for export to the second payments area. Credit preferences also shall be used for units embarking upon capital spending projects improving work safety and hygiene conditions.

4. Enterprises that give evidence of a high level of management and those enterprises in which credit is used to help finances efforts ensuring improved management, especially in areas specified in the goals of Poland's land-use management policy, shall be able to take advantage of more favorable credit terms.

5. Banks shall not grant credit for developmental purposes to enterprises whose activity does not improve and does not promise to improve in its level of management in the future.

6. Banks shall withdraw credit granted to enterprises that do not implement properly programs for improving their management in accordance with the law on the management improvement of a state enterprise and its bankruptcy.

7. The former standards of income tax obligations shall be retained. The principles of the taxation of units of the socialized economy were regulated by the law dated 31 July 1985 on adapting the regulations of certain laws defining the operation of the economy to the conditions and needs of Poland's future socioeconomic development (DZIENNIK USTAW No 31, item 174).

8. In 1986, institutional reductions in the income tax shall be retained as a stable instrument of economic policy.

Detailed provisions concerning changes in the principles of granting income tax reductions are defined in the Council of Ministers decree dated 28 October 1985 amending the decree on income tax reductions.

According to the provisions of the law dated 31 January 1985 on small-scale production, the income tax is reduced for some units working in this sphere of the economy. The level of reduction of this tax is defined in detail in the Council of Ministers decree dated 9 September 1985, concerning a reduction in the income tax for certain socialized small-scale production units.

9. In order to create conditions for the broader utilization by enterprises of the possibilities for solving economic problems through combining the funds of units of the socialized economy, as stipulated in the 26 February 1982 law on financial management (together with subsequent changes), the detailed principles of the financing of joint ventures in the capital spending sphere, in procurement, co-production, technological progress and the commodities trade shall be specified in a Council of Ministers decree.

10. In order to limit the takeover of lands by economic units, the tax on farm lands and forested lands taken over for other purposes is increased after 1 January 1986 to 15 zlotys per square meter (a law dated 31 July 1985 on adapting the regulations of certain laws defining the functioning of the economy to the conditions and needs of Poland's future socioeconomic development, DZIENNIK USTAW No 37, item 174).

11. On 1 January 1986, higher fees are introduced for the economic utilization of the environment and for the introduction of changes into it, and fines are increased for the failure to observe the requirements of environmental protection while at the same time the principle of their addition to costs recognized as unwarranted is maintained.

The minister of environmental protection and natural resources shall ensure the implementation of the preceding provisions concerning increasing fines for the failure to observe regulations on environmental protection.

The detailed provisions in the area of changes in the principles of setting costs and losses recognized as unwarranted are defined in a Council of Ministers decree dated 4 October 1985 amending the decree on the types of costs and losses recognized as unwarranted in the taxation of units of the socialized economy with an income tax.

12. A system of enterprise evaluation shall be used for the needs of central planning and the steering of the economy. The basis of this system shall be an assessment of the ability of the enterprise to finance independently its development while ensuring an increase in the scope of the work encompassed in its statute. This system shall be based on solutions adopted in the law on state enterprises and in the law on the improvement of the economy of the state enterprise and its bankruptcy. In the assessment, account shall be taken of reports of the funds remaining at the disposal of the enterprise following the payment of obligatory and contractual obligations to its production assets taking into account the rate of changes in production

technology in the given field. These assessments shall be utilized in projecting the methods of implementation of adopted developmental programs, combined with a program of structural changes, including activities embarked upon to eliminate and change the branch structure of the weakest economic units in economic terms.

The preceding criteria for assessment shall also be used to formulate the principles of the remuneration of enterprise directors.

#### V. The Instruments of Employment and Wage Policy

An increase in emoluments in economic units shall be contingent upon an increase in production, a reduction in costs and an improvement in financial results. Solutions planned for 1986 in the area of creating emoluments funds should serve this end.

1. Economic units pay a tax on above-standard emoluments payments that becomes income into the national budget. The tax on above-standard emoluments payments debits the profit of these units available for distribution.

2. The principle of a separate scale of tax obligations shall be maintained on above-standard payments of:

- a) emoluments paid that encumber costs,
- b) bonuses and awards paid out of profits for distribution, out of a balance surplus or out of other surpluses of income over outlays, according to principles established in a Council of Ministers decree on the rates of taxation on above-standard emoluments payments and the principles of establishing emoluments sums free from the tax.

3. With the exclusion of units applying the formula of the taxation of private earnings, an additional amount free from the tax on above-standard emoluments payments is established for 1986 in conjunction with an increase in the minimum emolument and a limit set on the scope of individual preferences and reductions.

In the first half of 1986, the preceding amount is a total of 400 zlotys per month and average employment, and in the second half of 1986 it is a total of 700 zlotys per month and average employment. The increase in this sum for the second half-year of 1986 shall be contingent upon the shape taken by average emoluments in the socialized economy and the living costs of employee families.

4. Economic units applying a formula for measuring an increase based on net sold production use a corrective of .40. This factor is subject to an increase in accordance with the principles established in the decree that is, however, not more than 0.15 in the subbranches where the share of emoluments in costs of overall activity in 1984-1985 has exceeded 15 percent.

The yardstick of the value of net sold production is calculated in comparable prices. The possibility of using a yardstick of net sold production value in current prices is also permitted, with the use of the previously named corrective.

The scope of the yardstick of net sale in current prices shall be defined by the minister of finance by agreement with the minister of domestic trade and services.

5. For certain economic units, other formulas for determining the amounts of emoluments free from the tax shall be defined, within the framework established in the decree. By 31 January 1986, the minister of labor, wages and social affairs shall define the branches and kinds of activities using these methods of determining the amounts of emoluments paid debiting costs that are free from the tax on above-standard emoluments, using the following assumptions as a guide:

- a) the percentage of increase in the amount free from the tax, as discussed in section 3 paragraph 1 point 1 of the Council of Ministers decree, shall be used in units that utilize equipment of the municipal infrastructure and housing resources as well as in those units where the specific nature of activity does not enable an increase in emoluments. These units include public service enterprises above all.
- b) the formula for the share of emoluments in net sold production shall be used in units of a production-services nature and a repair nature, as well as in others with an especially large share of labor costs in overall costs.

6. For units using the formula described in point 5a, the increase in emoluments free from the tax is set at 8 percent. Parent agencies are obliged to establish terms qualifying units using the formula described in the herein point to make full use of the percentage of increase in the amount of emoluments free from the tax.

The principles of the establishment of these conditions shall be defined by the minister of labor, wages and social affairs by agreement with the chairman of the Council of Ministers Planning Commission.

7. In economic units that use the share formula for determining the increase in emoluments free from the tax, as discussed in point 5b, a standard index of the share of emoluments in net sold production is established as the quotient of the amount of emoluments free from the tax in the previous year paid out and debiting costs and the net sold production of that year, corrected by a factor of .97.

8. In accordance with separate regulations, the taxation of private earnings may be used in units where the employment and emoluments policy demands special flexibility.

9. a) In economic units that establish the amount free from the tax for 1986 in the manner defined in point 8, the amount of the tax due is the difference between the amount computed for the tax year and the amount corresponding to the tax that was computed for 1985.

b) for the units described in point "a," the amount free from tax is set at 144,000 zlotys annual private earnings.

10. The minister of labor, wages and social affairs, in a decree on the detailed principles of calculating the tax on above-standard emoluments payments,



shall introduce the principle that the regulations on excluding certain components of emoluments from the basis for taxation do not apply to units that use the share formula, as well as the formula for taxing private earnings.

11. Enterprises manufacturing for export take advantage of preferences in the form of a reduction in the amount of emoluments for the purpose of establishing the tax on above-standard payments on implemented export.

12. For the purpose of establishing a basis for the taxation of above-standard bonuses and awards from profits, the amount of awards and bonuses paid out of profit available for distribution is subject to a reduction by an amount representing 35 percent of the amount of economization in the use of raw materials, fuels and energy, according to the principles defined in separate regulations (...)

#### VI. Economic Incentives Instruments in the Foreign Trade Sphere

Instruments indirectly impacting foreign trade that affect the financial situation of enterprises and the material interests of employee workforces through the growth of export and that regulate the increase of enterprise foreign exchange funds should in particular stimulate the activation of export, especially of those highly processed products that are exported to the second payments area, and should foster the strengthening of socialist economic integration. The institutional mechanisms and levers applied should contribute to improving the economic effectiveness of export (...).

5. In 1986, incentives for embarking upon export shall be strengthened:

a) the rates of reductions in the income tax for export sales shall be contingent upon the processing level of the goods to be exported, with a strong preference being given to more highly processed goods.

Preferences on the sale of exports to the states of the second payments area shall be maintained, as shall reductions in the tax on the export of nationally balanced materials, according to the list set up by the minister of materials and fuels management by agreement with the chairman of the Council of Ministers Planning Commission, the minister of finances and the minister of foreign trade.

At the same time, in order to increase enterprise incentives for improving export efficiency, the amount of reductions in the income tax shall be corrected in proportion to the implemented effectiveness for those goods whose WF is greater than 1.

Reductions shall be used for an increase in the value of export. They shall be differentiated according to item and direction of export. The principles of accounting have been defined in section 8 of a Council of Ministers decree dated 28 October 1985 that amends the decree on reductions in the income tax.

b) the amount of emoluments used for the purposes of establishing the tax on above-standard payments is reduced by an amount representing the quotient of the equivalent of 5 to 20 percent of the amount of emoluments free from the tax (contingent upon the group of exported goods) and the index of the ratio of export sales expressed in transaction prices to the value of total sold production in implementational prices reduced by the turnover tax.

The principles of accounting have been defined in section 6 of a Council of Ministers decree dated 15 November 1985, concerning the tax rate on above-standard emoluments payments and the principles for establishing sums free from the tax.

6. In 1986, in the area of foreign-exchange self-financing, the following shall be in effect:

a) the rates of foreign-exchange allowances in convertible currencies established by the minister of foreign trade and the minister of finances for 1985. In the event that it is demonstrated that the amount of these rates under 1986 conditions is inappropriate, the minister of foreign trade by agreement with the minister of finances may set a different rate.

The principles of the system of foreign-exchange allowances on income from the export of goods and services for convertible currencies are defined in Council of Ministers Resolution No 152 dated 4 October 1985, concerning the detailed principles of generating and using foreign-exchange allowances that are a part of the income in convertible currencies from the realized sale of goods and services abroad.

b) the rates of ruble allowances established in Council of Ministers Resolution No 153 dated 4 October 1985, concerning the introduction of an experimental system of ruble allowances for the export of goods and services implemented in transferable rubles,

c) foreign-exchange allowance accounts will be able to be transformed into assets accounts in accordance with the principles defined in Council of Ministers Resolution No 152, concerning the detailed principles of generating and utilizing foreign-exchange allowances in convertible currencies,

d) units of the socialized economy that in 1986 embark for the first time on the production of goods and services for export to the second payments area, and do not have established foreign-exchange allowance rates, may use a foreign-exchange allowance rate of 10 percent of income in convertible currencies. The foreign-exchange allowance for such units shall be computed automatically by the national foreign-exchange bank. The principles of the creation and utilization of the foreign-exchange funds in such accounts are defined in a Council of Ministers resolution dated 4 October 1985, concerning the detailed principles of the generation and utilization of foreign-exchange allowances in convertible currencies.

7. The institution of effectiveness bidding on the sale of convertible currencies defined in Council of Ministers Resolution No 235 dated 15 November 1982 shall be retained.

The president of the Polish National Bank by agreement with the minister of finances and the minister of foreign trade shall consider the advisability of expanding the scope of activity of bidding and shall submit the relative proposals by 30 September 1986.

8. Foreign-exchange credits for purposes related to export production and export services shall be awarded according to the principles defined in a Council of Ministers decree dated 5 September 1983, concerning the general principles of the granting of foreign-exchange credits by banks for the purposes of the development of export production and export services.

9. The full implementation of a financial system for supporting capital spending projects oriented towards export, i.e., so-called minor restructuring, shall take place in accordance with the principles defined in Order No 17 of the minister of finances and the minister of foreign trade and the president of the Polish National Bank dated 20 February 1985, concerning reductions for economic units for undertaking and implementing capital spending projects aimed at increasing export and some sources of financing of such capital spending projects.

Export-oriented capital spending projects shall receive credit on privileged terms, and favorable terms shall be defined for access to foreign-exchange credit used for the purpose of financing such projects. Selected capital spending projects shall be covered by a system of governmental orders.

10. The awards fund of the minister of foreign trade, generated out of budgetary funds to create material incentives in the sphere of foreign trade in the area of goods and services turnovers (including such transit turnovers) for special export achievements shall be retained. These awards should be designated primarily for management cadres.  
(...)

## VII. Instruments Impacting Technological Progress and Production Quality

1. In order to ensure the implementation of tasks of importance to the national economy in the areas of the development of science and technology, inventions, licenses and applications and to initiate activities related to restructuring the national economy and eliminate overly materials-intensive and energy-intensive areas,  
--the scope of the national steering of the development of science and technology through central tasks is expanded.

Among central tasks in the area of the development of science and technology are included:

- Central Programs for Basic Research (CPBP),
- Central Research-Development Programs (CPBR),
- Government Orders (ZRN) for the implementation of especially important tasks in the area of the development of science and technology.

Moreover, the following are initiated:

- Ministerial Programs for Basic Research (RPBP),
- Ministerial Research-Development Programs (RPBR).

The detailed principles of the operation of central tasks in the area of the development of science and technology and their listings shall be defined by a Council of Ministers resolution whose draft by 15 December 1985 shall be submitted by the chairman of the Council of Ministers Committee for Science and Technological Progress Affairs by agreement with the chairman of the Council of Ministers Planning Commission.

Based on the guidelines of the Presidium of the Committee for Science and Technological Progress Affairs, the appropriate ministers shall prepare and submit for confirmation the Ministerial Programs for Basic Research and the Ministerial Research-Development Programs.

2. The financing of research/development, Central Tasks, Ministerial Programs, the work of live-budget institutions and technology in general shall take place out of the Central Fund for Research and Development Work.
3. The principles of operation of the Central Fund for Research and Development Work and the Central Fund for Aiding Applications shall be defined in a law whose draft shall be prepared by 30 November 1985 by the minister in charge of the Office for Scientific-Technological Progress and Applications.
4. Import from the second payments area for the tasks described in points 2 and 3 shall be implemented out of the funds of the Central Foreign-Exchange Fund, which is at the disposal of the chairman of the Council of Ministers Committee for Science and Technological Progress Affairs.
5. Until such a time as the NSPG for 1986-1990 is passed, enterprises and cooperatives shall make allowances for the Technical-Economic Progress Fund according to the rates in effect in 1985.
6. In order to create conditions for the financing of Central Tasks in the area of Scientific and Technological Development, beginning in 1986 enterprise costs shall be further debited for the Central Fund for Research-Development Work and the Central Fund for Aiding Applications.
7. Units of the socialized economy shall create a Fund for Applications Results and from this fund they shall make awards for the inventors and implementors of technological progress, according to principles defined in separate regulations.
8. Enterprises implementing government orders shall obtain reductions in income tax according to the principles defined in separate regulations.
9. The appropriate ministers (heads of central offices), provincial governors and mayors of cities selected through the cooperation of the PRL Patent Office shall help to strengthen inventions services and the protection of industrial property in those enterprises for which they are the parent organs.
10. An improvement in quality is one of the major implementational goals of economic tasks. Activities in the area of improving quality in 1986 shall be implemented in the directions outlined in Council of Ministers Resolution No 117 dated 27 August 1984, concerning the program of activities for improving product quality.
11. In the process of updating and setting up Polish Standards and the branch standards of the Polish Committee for Standardization, Measures and Quality, adherence to the principle of the selection and establishment within norms of technical-utilization parameters and of the methods for verifying them at a level that corresponds to growing socioeconomic needs, taking into account the different needs of consumers, as well as of the establishment of the appropriate international standards, shall be made more rigorous. The activation of the production of new and modernized products shall be contingent upon the fulfillment of the more rigorous requirements established by the Polish Committee for Standardization, Measures and Quality.

12. The Polish Committee for Standardization, Measures and Quality, in cooperation with the Council of Ministers Planning Commission and the interested ministries, shall prepare a list of products of great importance (for development, export and the market) that should be of suitable quality.

13. The Polish Committee for Standardization, Measures and Quality, by agreement with the Ministry for Materials and Fuels Management and the Ministry of Domestic Trade and Services, indicates:

- products whose quality must be improved for their production to continue,
- products whose production will be halted unless materials-intensiveness or energy-intensiveness is reduced.

14. Activities shall be continued in the area of qualifying products for the state quality seals "Q" and "1," along with the simultaneous verification of products awarded these seals in previous years. The price preferences and income tax reductions in effect in 1985 shall be retained for the acquisition of a quality seal.

#### VIII. Principles and Instruments of Land-Use Management Policy and Environmental Protection Policy

1. In accordance with the goals of state land-use management policy and environmental protection policy outlined in the NPSG, the following shall continue to be in effect in 1986:

a) a ban on locating new industrial plants and expanding existing plants to cause an increase in employment of more than 200 persons in the following urban centers: Gdansk (excluding marine economy capital spending projects), Krakow, Lodz, Warsaw and Katowice, to the extent that the development of these plants is not tied in with the use of the local raw materials base, with directly serving the urban population or with the implementation of a program of structural changes in industry.

b) a ban on the building and expansion of plants that are noxious to the environment in the ecologically endangered areas named in Annex No 6 to Council of Ministers Resolution No 21 dated 4 March 1983, concerning the NPSG for 1983-1985.

2. In order to stimulate activities aimed at the implementation of environmental protection facilities and equipment, tax reductions shall be used for enterprises that embark upon capital spending projects in this area, defined in a Council of Ministers decree dated 27 December 1983, concerning income tax reductions (DZIENNIK USTAW No 75, item 337 with subsequent changes). A 5-year cycle for implementing ventures with a cost value of more than 1 billion zlotys has been allowed in the awarding of a tax reduction.

(...)

4. Construction-installation enterprises embarking upon specialized capital spending projects in the area of environmental protection and meeting projected costs and the projected implementational cycle (of not longer than 5 years) will be able to increase their profit surcharges, in accordance with the binding regulations.

5. In granting capital spending and turnover credits, banks shall be guided by recommendations emanating from the goals of land-use management policy and environmental protection policy.

6. The principle of the rendering of opinions by parent agencies regarding enterprise applications for an income tax reduction designated for environmental protection is retained.

7. In order to improve the state of environmental protection and marine management, additional funds shall be designated to implement indispensable ventures out of the Marine Management Fund and the Environmental Protection Fund.  
(...)

#### IX. Instruments for Steering Market Production and the Flow of Basic Consumer Goods to the Marketplace in 1986

The basic assumption of domestic market policy in 1986 is to uphold positive trends in the regaining and maintaining of market stability, taking into account the indispensable modifications in the principles and instruments used for steering economic activity. The more effective steering of demand will be utilized.

1. The growth of market production and the desired changes in the production structure geared towards market production shall be fostered by:

1.1. The continuation of government orders and production task programs according to the principles and in the area established in Council of Ministers Resolution No 123 dated 19 July 1985, concerning production task programs and government orders for materials and products, as well as capital spending projects.

1.2. The preparation of national balances for some articles designated to supply the domestic market that are named in Annex No 1 to Council of Ministers Resolution No 124 dated 19 July 1985, concerning the principles and organization of producer materials and equipment procurement processes from 1986 to 1990 (MP No 22, item 164).

1.3. The bolstering of the development of state regional small-scale production enterprises and cooperatives through exemption from the income tax in the area defined in a Council of Ministers decree dated 27 December 1983, concerning reductions in the income tax (DZIENNIK USTAW 1983, No 75 together with the subsequent changes).

1.4. The ensuring of more favorable terms in the area of access to bank credit for enterprises increasing the production of consumer goods, and expanding services in particular.  
(...)

3. In order to create conditions for the proper operation of the sphere of trade:

3.1. The parent agencies of enterprises/suppliers are obliged to embark upon measures disciplining the activity of enterprises in the area of goods transactions that are directed nationally in accordance with the principles

established by the minister of domestic trade and services concerning the regional distribution of goods in the volumes established in the CPR.

3.2. With the exception of cases stipulated in the regulations of the law, the sale of consumer goods is not permitted outside units of socialized consumer goods trade, or for conducting barter with the designation of specific items for sale by plants to the employees of these enterprises and other persons.

3.3. In the event of the failure to abide by the binding principles of central management, as well as the holding back of consumer goods by plants (production enterprises) and their designation for sale to employees or the conducting of barter with other enterprises (persons), the duty to pay the equivalent of 50 percent of such commodities transactions into the state budget is put into effect. The sums paid are reckoned as extraordinary losses.

3.4. The reform of official trade margins enabling the profitability of food items transactions to approach the profitability of nonfood items transactions in conjunction with a change in the retail prices of these items shall continue and further work shall be conducted on the reform of the trade margins in articles for farm production.

3.5. Preferences shall be maintained in the area of the level of bank credit financing of the increase in the proper stores of goods in trade enterprises.

3.6. Initiatives shall be supported fostering the development of the contractual participation of producers in the partial financing of the results of post-seasonal price reductions on manufactured goods.

3.7. Conditions shall be created for the development of a material-technical base for trade through the introduction of the duty to project and implement a suitable trade network of new centers, favorable credit terms and an increase in the funds of the Market Development Fund.

3.8. Incentives wage systems shall be introduced in trade enterprises that shall take into account the volume of sales and ranges in the level of margins.

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CSO: 2600/216



MILITARY

YUGOSLAVIA

# LAW ON THE MILITARY SERVICE OBLIGATION

Belgrade SLUZBENI LIST SFRJ in Serbo-Croatian No 64, 2 Dec 85 pp 1641-1652

[Law enacted by the SFRY Assembly in a session of the Federal Chamber in Belgrade on 27 November 1985 and signed by Radovan Vlakovic, chairman of the SFRY State Presidency, and Ilijaz Kurteshi, president of the SFRY Assembly]

[Text] Title I. General Provisions

## Article 1

The military service obligation shall be an integral part of the right and duty of citizens of the Socialist Federal Republic of Yugoslavia (hereinafter "the SFRY") to defend the country and to preserve its freedom, independence, sovereignty, territorial integrity, and the social system established by the SFRY Constitution.

In discharging the military service obligation citizens of the SFRY shall train, drill, and organize for conducting armed combat, for performing other duties in the Armed Forces of the SFRY (hereinafter "the Armed Forces"), and for participation in other forms of nationwide resistance to an enemy in a case of aggression or other danger to the country.

## Article 2

The military service obligation shall be discharged in peacetime and in wartime by all able-bodied citizens of the SFRY under the conditions prescribed by this law. Organizations of associated labor, local communities, other self-managed organizations and communities, sociopolitical and public organizations, sociopolitical communities and their bodies and agencies shall also bear responsibility and concern for the discharge of the military service obligation.

## Article 3

The competent bodies and agencies in the republic or autonomous province, within the limits of their rights and duties as set forth in the constitution and law, shall organize and provide for discharge of the military service obligation on the territory of the respective sociopolitical community, shall

bring its discharge into conformity with the exercise of other rights and discharge of other duties in the domain of nationwide defense and social self-protection, and shall in this connection take the necessary steps and collaborate with the competent military authorities.

Excepting the matters referred to in Paragraph 1 of this article, the competent opstina agency shall keep military records on those subject to military service and shall handle other matters related to keeping the military records prescribed by this law.

#### Article 4

In carrying out plans for the manpower needs of the Armed Forces, the competent authorities in the republic or autonomous province, in collaboration with the competent military authorities, shall enact plans for recruitment and for the manpower needs of the Armed Forces, shall carry out plans, and shall perform other tasks and functions related to discharging the military service obligation.

The military agency designated by the federal secretary for national defense may deal directly with the opstina agency competent for affairs of the military service obligation for the purpose of direct insight into fulfillment of plans for recruitment and for the manpower needs of the Armed Forces and other plans for discharge of the military service obligation, as well as into performance of tasks related to those plans.

#### Article 5

The military service obligation shall consist of recruitment eligibility, the compulsory military service requirement, and the obligation to serve in the reserves.

Under the conditions envisaged by this law the military service obligation shall also embrace the military training of women.

All citizens of the SFRY shall be subject to recruitment under the conditions prescribed by this law, and citizens of the SFRY fit for military service shall be subject to the compulsory military service requirement and the requirement of serving in the reserves.

#### Article 6

Women shall not be subject to recruitment, nor to the compulsory military service requirement.

Women who in peacetime enlist voluntarily may be called up for military training in keeping with the manpower needs of the Armed Forces, and women who under the provisions of this law are subject to the military service obligation (hereinafter "women military eligibles") may be called up for military exercises in the Armed Forces in order to acquire the necessary military knowledge and to train in their wartime duties.

## Article 7

A person subject to the military service obligation shall be referred to as the military eligible. During the various phases of the military service obligation the military eligible shall be referred to as follows:

- 1) the eligible--during eligibility for recruitment;
- 2) the soldier--during the period of compulsory military service or during the voluntary military training of women in the Armed Forces;
- 3) the soldier in the reserves, reserve noncommissioned officer, reserve officer or reserve military employee, and the woman soldier in the reserves, the woman reserve noncommissioned officer, the woman reserve officer, or the woman reserve military employee (hereinafter "person in the reserves")--so long as the requirement exists of serving in the reserves of the Armed Forces.

For the purpose of this law the term "soldier" also signifies the sailor.

## Article 8

The military service obligation of a military eligible shall terminate as follows:

- 1) upon reaching the age fixed by this law (Article 48);
- 2) if the person is found unfit for military service;
- 3) upon termination of his citizenship in the SFRY.

## Article 9

A citizen of the SFRY whose military service obligation has terminated under the provision of Article 8, Paragraph 2, of this law shall be subject to a review examination in order to verify his fitness for military service.

The review examination referred to in Paragraph 1 of this article may be performed if the citizen of the SFRY found unfit for military service has not reached age 50.

A person as referred to in Paragraph 2 of this article who has been found in the review examination fit for military service or fit for limited military service shall become a military eligible and shall become subject to the compulsory military service requirement until the end of the calendar year in which he reaches age 27, and if that calendar year has passed, to the obligation of serving in the reserves.

The Federal Executive Council may make the decision on review examinations of all persons born in one or more years, and the decision concerning individuals may be made by the federal secretary for national defense or officer whom he authorizes or by the competent body in the republic or autonomous province within the limits of the rights and duties envisaged by law.

## Article 10

The compulsory military service requirement shall be discharged in the Yugoslav People's Army, and the obligation to serve in the reserves of the Armed Forces shall be met in the Yugoslav People's Army and in territorial defense.

## Article 11

The military eligible shall become a military person by entering a military unit or military institution of the Armed Forces (hereinafter "military unit or military institution"), and shall cease to be a military person upon discharge from the military unit or military institution.

While discharging the military service obligation upon the call of the competent authority the military eligible shall have the same rights and duties as a military person, as follows:

- 1) from departure from dwelling to return to dwelling at the place of permanent or temporary residence if the person has registered for temporary residence in the context of Article 72, Paragraph 2, of this law;
- 2) if residing abroad: when arriving--from the border of the SFRY to the place where he is to report to the competent authority, and when returning--from the place where he discharged the military obligation for which he was called up to the border of the SFRY.

## Title II. Recruitment Eligibility

### Article 12

Recruitment eligibility shall consist of the duty of answering a general or individual call and of observing regulations and carrying out orders of the competent authorities of sociopolitical communities, military authorities, and other government authorities in connection with military registration, medical and other examinations and tests, recruitment and induction for required military service.

A citizen of the SFRY shall become subject to recruitment at the beginning of the calendar year in which he reaches age 17 and shall last until his induction for compulsory military service or until his transfer to the reserves if he has arranged his compulsory military service in some other manner or military eligibility terminates under the provisions of Article 8, Subparagraphs 2 or 3, of this law.

### Article 13

During recruitment eligibility the eligible shall be subject to the following:

- 1) medical and other examinations and psychological tests in order to determine fitness for military service;

- 2) recruitment;
- 3) induction for compulsory military service;
- 4) other obligations prescribed by this law.

#### Article 14

The examinations and tests referred to in Article 13, Subparagraph 1, of this law shall be done at the request of the competent authority in the republic or autonomous province by organizations of associated labor in the health service, but they may also be performed by military medical institutions designated by the federal secretary for national defense. The mutual rights and obligations of authorities by whose request those examinations and tests are performed in relations with the medical institutions shall be set forth in a contract.

#### Article 15

Recruitment shall take place in the calendar year in which the eligible reaches age 18.

The eligible may at his request be recruited in the calendar year in which he reaches age 17.

In case of an immediate danger of war or state of war the SFRY State Presidency may order that persons who have reached age 16 be recruited.

#### Article 16

Recruitment shall be conducted by recruitment commissions.

The recruitment commissions shall be established by the competent authority in the republic or autonomous province. The military members of the recruitment commission shall be military personnel designated on recommendation of the competent military authority.

The recruitment commission shall be made up of certain military personnel and civilians among whom one member must be representative of the assembly of the sociopolitical community and another member a physician. Other persons may also be members of the recruitment commission if this has been so provided by enactment of the republic or autonomous province.

The chairman of the recruitment commission shall be a military person.

Administrative-technical and other preparations related to recruitment and also the office space necessary for that purpose shall be provided for by the competent authority of the sociopolitical community, but when recruitment is done in a military institution, this shall be done by the competent military authority.

#### Article 17

During recruitment the fitness of the eligible for military service and the arm or service in which he shall do his compulsory military service shall be determined.

The recruitment commission shall enter in his military record book its evaluation of the fitness of the eligible for military service and the arm or service assigned him.

#### Article 18

The recruitment commission shall evaluate the fitness of every eligible for military service on the basis of findings of prior medical and other examinations and psychological tests and also the medical examination at the time of recruitment.

The evaluation of the recruitment commission may be one of the following:

- 1) fit for military service;
- 2) fit for limited military service;
- 3) temporarily unfit for military service;
- 4) unfit for military service.

The classification of unfit for military service and the classification that the eligible is fit for certain specialties prescribed by the federal secretary for national defense may be made only on the basis of medical findings and other examinations and psychological tests in a military medical institution designated by the federal secretary for national defense.

#### Article 19

In exceptional cases the recruitment commission may alter the arm or service assigned during recruitment if this is necessary for the manpower needs of the Yugoslav People's Army, because of a change in the eligible's state of health, because of specialized training subsequently acquired, or because of a change in his occupation.

#### Article 20

An eligible found temporarily unfit for military service shall be subject to subsequent recruitment until the end of the calendar year in which he reaches age 27.

During each recruitment temporary unfitness may be assigned for a period from 1 to 4 years, but the duration of temporary unfitness may not extend beyond the end of the calendar year in which the eligible reaches age 27.

The recruitment commission shall fix the length of time of the eligible's temporary unfitness and shall fix the date of his next recruitment.

The eligible may be found temporarily unfit for military service only twice. In the third recruitment the recruitment commission shall make a final determination of his fitness related to doing military service.

If the duration of the temporary unfitness for military service of an eligible would last longer than the end of the calendar year in which he reaches age 27, he shall be transferred to the reserves, and his fitness for military service shall be evaluated according to the provisions of this law which pertain to personnel in the reserves.

#### Article 21

The federal secretary for national defense is hereby authorized to issue regulations concerning the criteria for evaluation of medical fitness of eligibles for military service and also concerning medical and other examinations and tests of military eligibles in order to determine fitness for military service, as well as regulations concerning the operating procedure of recruitment commissions and the conditions for determining the arms and services in which the eligible shall do his compulsory military service.

### Title III. Compulsory Military Service Obligation

#### Article 22

Compulsory military service shall last 12 months.

#### Article 23

Upon induction to do compulsory military service in a unit or institution of the Yugoslav People's Army the eligible becomes a soldier and the time of his military service shall be counted from that day.

#### Article 24

Eligibles found fit for military service or fit for limited military service shall as a rule be inducted to do their compulsory military service in the calendar year in which they reach age 19. An eligible who has not completed a secondary school for targeted education or other secondary school he attends during that year shall be inducted into military service when he graduates from that school, but no later than the end of the calendar year in which he reaches age 21.

An eligible who is enrolled in a university or other senior or junior postsecondary school in the SFRY shall be inducted into military service in the calendar year in which he graduates from the secondary school for targeted education or other secondary school in which he reached age 18.



The eligible referred to in Paragraph 2 of this article shall be inducted into military service within the period established so that that period ends before beginning of instruction in the next academic year at the university or other senior or junior postsecondary school in which he is enrolled.

An eligible who is enrolled at a university or other senior or junior postsecondary school in the SFRY, and who for reasons as set forth in law was not inducted to do his compulsory military service in the calendar year in which he graduated from a secondary school for targeted education or other secondary school in the SFRY shall be inducted to do his compulsory military service pursuant to the provision of Paragraph 3 of this article upon termination of the grounds on which he was not inducted to do his required military service.

An eligible who himself applies for induction or to complete his period of compulsory military service shall be inducted within 3 months from the date of his application if he reached age 18 during that year.

An eligible who returns to the country from permitted temporary stay abroad lasting longer than 1 year and requesting to be inducted to do his compulsory military service shall be inducted within a period of 30 days from the date of the application if he reaches age 18 in that year.

During a state of war or in case of an immediate danger of war the SFRY State Presidency may order that eligibles who have reached age 17 shall also be inducted to do compulsory military service.

#### Article 25

An eligible may be inducted for compulsory military service up to the end of the calendar year in which he reaches age 27.

As an exception to the provision of Paragraph 1 of this article, an eligible who is found not to have discharged the obligations prescribed by this law, and who therefore was not inducted to do his compulsory military service before the end of the calendar year in which he reached age 27 shall be inducted to do his compulsory military service no later than the end of the calendar year in which he reaches age 30.

A military eligible who has not been inducted for compulsory military service before the end of the period stated in Paragraph 1 of this article, but who expresses a desire to do military service, may be inducted to do military service if he is found fit for military service and if he has not reached age 30.

An eligible who has not been inducted for compulsory military service by the end of the periods of time stated in Paragraphs 1 and 2 of this article, but found fit for military service or fit for limited military service, shall be transferred to the reserves.

#### Article 26

Eligibles who have the appropriate schooling and meet the other conditions prescribed for selection of cadets for reserve commissioned officers schools

may do their compulsory military service in a school for reserve commissioned officers of an arm if they have been found fit for military service, and in a school for reserve commissioned officers of a service--if they have been found fit for limited military service.

Eligibles for cadets of reserve commissioned officers schools shall be chosen by a commission established by the competent authority in the republic or autonomous province on recommendation of the competent authority of the sociopolitical community in which the military records of eligibles are kept. The members of the commission shall be civilians and active military personnel. The active military personnel shall be designated on recommendation of the competent military authority.

As an exception to the provision of Paragraph 2 of this article, on recommendation of a regimental commander or officer of equal or greater rank, a soldier may be sent to continue his period of compulsory military service in a reserve officers school if he meets the conditions referred to in Paragraph 1 of this article.

The federal secretary for national defense is hereby authorized to issue regulations on the conditions and procedure for selection of eligibles or soldiers to be cadets of reserve commissioned officers schools.

#### Article 27

The federal secretary for national defense or officer whom he authorizes shall decide on induction for compulsory military service of an eligible residing permanently abroad, but expressing a desire to do his compulsory military service, and that of an eligible who in addition to Yugoslav citizenship also has foreign citizenship and who has done compulsory military service abroad.

#### Article 28

The following shall not be inducted to do military service:

- 1) an eligible who under a final verdict has been sentenced to a reformatory or to prison for a crime unless the sentence was suspended--until he serves the sentence or is paroled;
- 2) an eligible subject to a reformatory measure or protective measure of mandatory psychiatric treatment and confinement to a medical institution--during duration of the measure applied;
- 3) an eligible against whom criminal proceedings have been instituted for a crime which is automatically prosecuted--until proceedings are terminated by a final verdict.

Eligibles who on the grounds stated in Paragraph 1 of this article have not been inducted for compulsory military service shall be inducted to serve or complete their military service after serving the sentence, after parole, after termination of the reformatory measure or protective measure, or after

termination of criminal proceedings by a final verdict, but no later than the end of the calendar year in which they reach age 30.

Persons sentenced to a reformatory or given an unsuspended prison sentence for a crime may during a state of war or in a case of immediate danger of war be inducted into military service if the serving of their sentence has been postponed.

#### Article 29

The following shall be relieved of the obligation of compulsory military service:

- 1) a person found unfit for military service;
- 2) a person who has acquired citizenship of the SFRY by naturalization or on the basis of international treaties, if in the country of which he was a citizen he did his compulsory military service or if he has reached age 27;
- 3) a person who has acquired the status of an active military person under the enactments governing service in the Armed Forces;
- 4) a person who has graduated from a law enforcement school lasting at least 2 years and has been a policeman for at least 2 years.

#### Article 30

Compulsory military service shall be deferred at the eligible's request as follows:

- 1) in the case of an eligible who under the regulations governing the welfare of families of persons doing compulsory military service has assumed the status of breadwinner of his family, if his induction would place his family in a difficult financial position, so long as such circumstances persist, but no later than the end of the month of November of the calendar year in which he reaches age 27;
- 2) in the case of half or the major portion of eligibles if their number is odd when they are the members of one household, if one or more members of that household is being inducted or is already doing compulsory military service--until that member or the other half of the members of that household complete their compulsory military service or are discharged on other grounds from the Yugoslav People's Army, but no later than the end of the month of November of the calendar year in which they reach age 27;
- 3) if because of death or serious illness in the family or because of natural disaster the eligible's family would be placed in a difficult position by his induction for compulsory military service--so long as those grounds prevail, but no longer than 1 year.

In the case of the recruit referred to in Paragraph 1, Subparagraphs 1 and 2, of this article, induction shall be deferred to the next year if the application for deferment of military service and the necessary evidence is filed with the competent authority of the sociopolitical community within 8 days from the date of receipt of the notification or call for induction for compulsory military service.

An eligible who under the provisions of this law exercises the right to deferment of compulsory military service must notify the competent authority of the sociopolitical community of any change which has come about resulting in termination of that right within 8 days from the date when that change occurred.

#### Article 31

Induction for compulsory military service may in exceptional cases be deferred at the eligible's request for a period not to exceed 1 year because of war-ranted family or other reasons, under regulations issued by the federal secretary for national defense.

#### Article 32

Compulsory military service shall be interrupted as follows:

- 1) if while doing compulsory military service a soldier is found temporarily unfit for military service;
- 2) if during compulsory military service a soldier is convicted by a military court and sentenced to a reformatory or given an unsuspended prison sentence--until he serves the sentence or is paroled;
- 3) if while doing compulsory military service a soldier is convicted by another court in a final verdict and sentenced to an unsuspended prison sentence of more than 6 months or a reformatory sentence--until he serves the sentence or is paroled;
- 4) if while doing compulsory military service criminal proceedings are instituted against the soldier for a crime committed before induction if that crime is automatically prosecuted and a sentence of more than 3 years' imprisonment is envisaged for that crime.

As an exception to the provision of Paragraph 1, Subparagraph 3, of this article, a soldier's compulsory military service shall not be interrupted if he has been sentenced in a final verdict to a reformatory sentence of less than 2 years or to an unsuspended prison sentence of less than 2 years, and less than 6 months remains until the end of his compulsory military service.

#### Article 33

The compulsory military service of a soldier may be interrupted at his request because of death or serious illness in his family or because of a natural disaster if his family would be placed in a difficult position by his absence--so long as those ground exist, but no longer than 1 year.

A soldier's compulsory military service may be interrupted at his request or the request of the Physical Fitness Alliance of Yugoslavia so that he might participate as a member of the team of the SFRY in a world or European competition or at the Olympic Games, if leave is not used to participate in athletic competitions under the provisions of the federal law governing service in the Armed Forces.

A person whose compulsory military service has been interrupted on the grounds stated in Paragraph 2 of this article shall be inducted to complete compulsory military service during the calendar year in which the competition ended, but no later than the end of the calendar year in which he reaches age 27.

The military officer designated by the federal secretary for national defense shall rule on interruption of compulsory military service under the provision of Paragraph 2 of this article.

#### Article 34

Compulsory military service of a soldier found temporarily unfit for military service may be interrupted only once. If a soldier's compulsory military service needs to be interrupted a second time because he has been found temporarily unfit for military service, he shall be transferred to the reserves regardless of the amount of compulsory military service he has done. This person shall be subject to a subsequent medical examination in order to evaluate his fitness for service in the reserves.

#### Article 35

A person whose compulsory military service has been interrupted on the grounds stated in Article 32, Paragraph 1, Subparagraphs 1 through 4, or Article 33 of this law, and who has not done his required military service in the context of Article 36 of this law, shall again become eligible and shall be subject to the obligations prescribed by this law for the military eligible.

A person whose compulsory military service was interrupted on the grounds stated in Article 32, Paragraph 1, Subparagraphs 2 through 4, of this law shall be inducted to complete compulsory military service during the year in which he was released from prison or paroled or in which criminal proceedings were terminated by a final verdict, but no later than the end of the calendar year in which he reached age 30.

#### Article 36

A person whose compulsory military service was interrupted under the provisions of this law shall be inducted to complete the remainder of the compulsory military service after termination of the grounds on which his compulsory military service was interrupted, but no later than the end of the calendar year in which he reaches age 27.

#### Article 37

A soldier who during compulsory military service has been found unfit for military service shall be discharged from the Yugoslav People's Army. That person may be called up to complete his compulsory military service or transferred to the reserves under the conditions prescribed by the provisions of this law.

#### Article 38

The time which a cadet of a military school has spent in a military school shall be credited against his compulsory military service.

The 1st year of schooling in a military school shall not be credited against compulsory military service in the case of a cadet of a military school whose schooling has been interrupted regardless on what grounds.

#### Article 39

Time which a soldier spends in the following shall not be credited against compulsory military service:

- 1) serving disciplinary sentences in military confinement or serving prison sentences which the competent military officer pronounces under regulations on military discipline lasting a total of more than 10 days;
- 2) during treatment and sickness for an injury or other incapacitation intentionally caused to evade military service or to be reassigned to an easier duty, if this has been established by the final verdict of a military court;
- 3) during absence without leave or flight from the Yugoslav People's Army lasting at least 24 hours;
- 4) during pretrial confinement ordered against him in criminal proceedings if in the final verdict that time is deducted from the sentence given him for committing a crime.

#### Article 40

A person who has done his compulsory military service shall be discharged from the Yugoslav People's Army and shall become a soldier in the reserves or a reserve noncommissioned officer or reserve commissioned officer under the conditions prescribed by the law governing service in the Armed Forces.

A soldier who at the end of his compulsory military service uses the leave to which he is entitled or leave which has been granted him shall be discharged from the Yugoslav People's Army earlier by the number of days of leave to which he is entitled or which has been granted him.

#### Article 41

The federal secretary for national defense is hereby authorized to issue regulations as follows: on the time and manner of induction of eligibles for compulsory military service; on deferment and interruption of compulsory military service; and on the discharge of soldiers from the Yugoslav People's Army.

#### Title IV. Military Training of Women

#### Article 42

The military training of women who enlist voluntarily shall be organized and conducted in the Yugoslav People's Army and in territorial defense. This training may last from 2 months to 6 months, depending on the duties being trained for.

A woman may be called up for the military training referred to in Paragraph 1 of this article in the calendar year in which she reaches age 19 and up until the end of the calendar year in which she reaches age 27, if she is fit for military service.

A pregnant woman or woman who has a child younger than 7 years may not be called up for military training.

A woman's fitness for military service shall be established by a medical commission established by the competent authority in the republic or autonomous province according to the criteria established for evaluation of fitness of military eligibles for military service.

#### Article 43

The military training of women shall be planned and organized in accordance with the manpower needs of the Armed Forces and the opportunities for conducting this training in military units and military institutions.

The military training of women shall be organized and conducted so that they acquire the necessary military knowledge and skills and trained for their duties in the Armed Forces.

#### Article 44

A woman who has been inducted into a military unit or military institution for military training shall be considered a military person from the date of entering that unit or institution and until the date of discharge from the military unit or military institution, and during that time she shall wear a military uniform, shall be subject to military discipline, and shall have all the other rights and obligations prescribed for soldiers.

#### Article 45

A woman who has been called up for military training and who has been inducted into a military unit or military institution shall be required to train and to



spend in that military training the time envisaged by the military training syllabus and curriculum.

A woman who has commenced military training may be released from that training because of illness or other warranted cause.

#### Article 46

The Federal Executive Council shall issue regulations on evaluation of the fitness of women for military service.

The federal secretary for national defense is hereby authorized to issue regulations on the following: the planning and organizing of military training of women; the induction of women for military training; and other matters important to the actual organization and conduct of that training.

#### Title V. The Obligation To Serve in the Reserves

#### Article 47

Military eligibles shall be subject to the obligation to serve in the reserves of the Armed Forces as follows:

- 1) if they have completed their compulsory military service;
- 2) if under the provisions of this law they have settled their compulsory military service obligation in some other manner;
- 3) women military eligibles.

All women military eligibles shall be subject to the obligation of serving in the reserves of territorial defense under the conditions prescribed by this law, and women military eligibles who have training for performing specialized and technical services in the Yugoslav People's Army and women military eligibles who in peacetime have trained for wartime duties in the Armed Forces shall be subject to the obligation of serving in the reserves of the Yugoslav People's Army.

#### Article 48

The obligation to serve in the reserves shall arise for men from the date of discharge from compulsory military service or from the date when compulsory military service was settled in some other manner, and shall last until the end of the calendar year in which the male military eligible reaches age 60.

The obligation of serving in the reserves shall arise for women at the beginning of the calendar year in which they reach age 19 and shall last until the end of the calendar year in which they reach age 50.

In case of an immediate danger of war or during a state of war the SFRY State Presidency may extend duration of the obligation to serve in the reserves for

reserve noncommissioned officers, reserve commissioned officers, and reserve military employees even after the end of the years prescribed in the provisions of Paragraphs 1 and 2 of this article.

#### Article 49

The obligation to serve in the reserves of the Armed Forces shall be discharged by participation of the eligibles in military exercises, courses, and other forms of military training and by the performance of other duties prescribed by this law, and in wartime or in case of immediate danger of war or other danger to the country, by induction into the Armed Forces and by performance of specified military duties.

Military exercises, courses, and other forms of military training regarded as military exercises (hereinafter "military exercises") may in toto last no longer than 6 months for reserve soldiers, reserve noncommissioned officers, and reserve military employees, 12 months for reserve commissioned officers, and 6 months for all women military eligibles.

#### Article 50

Military exercises shall as a rule be organized and conducted in military units or military institutions.

Military exercises lasting less than 48 hours shall as a rule be organized and conducted outside of working hours, during the daily or weekly period of rest of reserve personnel.

The time military personnel spend in courses and other forms of professional military training conducted in the organization of the alliance of reserve military officers and in other organizations specified by the federal secretary for national defense shall be credited as performance of military exercises if that training has been planned, organized, and monitored by an agency of the Yugoslav People's Army or territorial defense staff and if personnel were called up for the training by the competent authority of the sociopolitical community.

Reserve personnel shall be required to respond to a call to undergo the training referred to in Paragraph 3 of this article.

The time which a person in the reserves spends as an instructor in training for defense and protection shall be credited as time spent in military exercises if he does not receive compensation for that work.

Eight hours spent in a course or training as referred to in Paragraph 3 of this article or 8 hours of work as an instructor in training for defense and protection performed in the manner prescribed in Paragraph 5 of this article shall be counted as 1 day of military exercises.

The exercises of reserve personnel whose wartime assignment is outside the Armed Forces shall be regarded as military exercises in the context of the

provisions of this law if in participating in the exercises those persons hold the positions they have been assigned in wartime and have been called up by the competent authority of the sociopolitical community.

#### Article 51

Military eligibles who have done their required military service, but whose wartime assignment is in the police, may be called up for military exercises in police units.

The official who heads the federal, republic or provincial agency responsible for internal affairs shall call up the military eligibles referred to in Paragraph 1 of this article for military exercises in police units, shall rule on their applications for deferment of military exercises and other matters related to the performance of those exercises.

Military exercises performed in police units shall be equivalent in the context of this law with military exercises in military units or military institutions.

#### Article 52

Men in the reserves may be called up for military exercises until they reach age 55, and women until they reach age 45.

As an exception to the provision of Paragraph 1 of this article, a pregnant woman shall not be called up for military exercises, nor a military eligible whose spouse has been called up for military service, nor a person with no spouse who has a child under age 15, nor a woman whose husband has been called up for military service if she has a child under age 10.

A person in the reserves may be called up for military exercises for no longer than 2 months during any 1 year.

The SFRY State Presidency may order that the following be called up for military exercises when the interests of defending the country so require:

- 1) persons in the reserves who have completed military exercises over the amount of time prescribed by the provisions of Paragraph 3 of this article and Article 49, Paragraph 2, of this law;
- 2) persons in the reserves who have reached the age prescribed in Paragraph 1 of this article.

The SFRY State Presidency, should the interests of defending the country so require, may order that personnel in the reserves be kept in military exercises immediately after doing their compulsory military service.

#### Article 53

Military exercises shall be deferred of a person in the reserves at his request on the following grounds:

- 1) if he is ill--until the next callup following his recuperation;
- 2) if two or more members of his household have been called up for military exercises at the same time or some of them are already on military exercises or doing compulsory military service--until one member or the other half of members of the household return from the military exercise or from compulsory military service;
- 3) if during the time of military exercises he is taking examinations and if going off to military exercises would prevent him from completing the school year--so long as such reason persists;
- 4) if because of the death or serious illness in the household or because of natural disaster the household would be placed in a difficult situation by his departure for military exercises--so long as that situation remains in the household, but no longer than 1 year;
- 5) if immediately before his departure or at the time of his departure for military exercises a death has occurred in the household or in his family--until the next callup for military exercises.

If an infectious disease is current in the place where the person in the reserves lives, the military exercises of that person shall be deferred so long as the infectious disease lasts.

Military exercises may in exceptional cases be deferred because of the urgent needs of the service if this is requested by the competent authority of the sociopolitical community or other government agency, organization of associated labor, or other self-managed organization or community in which the person in the reserves is employed--so long as such need exists, but no longer than 1 year.

Military exercises lasting longer than 3 days may in exceptional cases be postponed in the case of a private farmer or other self-employed person if they have been called up for military exercises, if there is no other member of their household capable of gainful employment--not to exceed 3 months.

The application for deferment of military exercises shall be filed with the competent authority of the sociopolitical community within 8 days from the date of receipt of the callup for military exercises, and if the deferment is requested on the grounds enumerated in Subparagraphs 1, 4, and 5, of Paragraph 1 of this article, the application may also be filed when the reason comes about for requesting deferment of military exercises.

#### Article 54

Wartime assignment in military units or military institutions shall be determined and communicated to personnel in the reserves according to the manpower needs of the Armed Forces.

Information concerning wartime assignment shall constitute a military secret.

A person in the reserves who has been given a wartime assignment may be issued personal military equipment corresponding to the duty to which he has been assigned.

A person who in the context of the provision of Paragraph 3 of this article has been issued personal military equipment shall be required to receive that equipment, keep it and maintain it, and when ordered by a summons of the competent authority, to carry it on his person and at the request of the competent authority return it in proper condition.

#### Article 55

A person in the reserves who has experienced a change in state of health affecting his fitness for military service may at his request or upon summons of the competent authority of the sociopolitical community or military authority be sent for medical examination to evaluate his fitness for military service.

The evaluation of fitness for military service of the person referred to in Paragraph 1 of this article shall be made by the competent recruitment commission pursuant to the provisions of this law on evaluation of the medical fitness of eligibles for military service.

As an exception to the provision of Paragraph 1 of this article, a military medical commission shall make the evaluation of fitness of persons in certain specialties prescribed by the federal secretary for national defense.

The fitness for military service of women military eligibles shall be ascertained by a medical commission designated by the competent authority in the republic or autonomous province.

#### Article 56

The federal secretary for national defense is hereby authorized to issue the following regulations: on the callup of personnel in the reserves for military exercises and on deferment of military exercises; on the organization of technical training of persons in the reserves within organizations of the alliance of reserve military officers and in other organizations; on the manner of determining the wartime assignment of military eligibles; on the issuance of personal military equipment to military eligibles and on the safekeeping, maintenance and return of that equipment.

#### Title VI. Foreign Travel and Residence Abroad of Military Eligibles

#### Article 57

A person subject to recruitment who intends to travel abroad for a visit or for permanent residence shall be required to obtain the permission of the competent authority of the sociopolitical community.

Permission to travel abroad and visit abroad may be issued to a person subject to recruitment if he is traveling abroad for the following reasons:

- 1) for medical treatment--so long as the treatment lasts, but no longer than 2 years;
- 2) to participate in school excursions, for annual vacation, for a tourist trip, etc.--not to exceed 40 days;
- 3) to conduct official business, to participate in athletic competitions or cultural and artistic events, to arrange relations in property law, family relations and similar relations abroad, or in a case of serious illness or death of a member of the immediate family abroad--not to exceed 60 days;
- 4) to participate in a trainee program at sea according to the curriculum of a school for training maritime apprentices--until completion of that trainee program;
- 5) in order to discharge obligations arising out of employment on a vessel or aircraft of the SFRY in service on international routes--not to exceed 2 years;
- 6) for departure abroad with parents or spouse going abroad officially or for employment if his induction for compulsory military service has not been planned during the year that follows the date of application for the permission--not to exceed 4 years;
- 7) to perform private or official business if during recruitment he was found temporarily unfit for military service for a period of 2 years or longer--until expiration of the period for which he was found temporarily unfit for military service.

The authority referred to in Paragraph 1 of this article may not allow a person subject to compulsory military service to travel abroad or visit abroad for a time longer than the end of the month of June of the year in which the person subject to compulsory military service reaches age 27.

The permit to travel abroad for permanent residence shall be issued to a person subject to compulsory military service who is going abroad to reside there permanently.

A person subject to compulsory military service who resides abroad may be issued a permit for a visit or permanent residence abroad or to extend residence abroad under the conditions prescribed in Paragraphs 2 and 4 of this article and for other warranted reasons (employment, schooling, medical treatment, urgent family needs, and other similar reasons) if refusal to grant the permission would cause financial or other difficulties for the person subject to compulsory military service or members of his family.

Permission for travel abroad shall not be issued to the person subject to recruitment as referred to in Paragraphs 2, 4, and 5 of this article if any impediment exists as prescribed in Article 59 of this law.

## Article 58

The permission for residence or for extension of residence abroad under the provision of Article 57, Paragraph 5, of this law shall be issued to a person subject to compulsory military service residing abroad by the diplomatic or consular mission of the SFRY (hereinafter "diplomatic mission") in whose military records he is registered. The permission for residence abroad or for extension of residence abroad lasting beyond the end of the calendar year in which the military eligible reaches age 27 may be issued by the diplomatic mission only after first obtaining consent of the Federal Secretariat for National Defense.

Within a period of 2 months from the date of issuing the permission referred to in Paragraph 1 of this article the diplomatic mission must notify the competent authority of the sociopolitical community concerning every person subject to compulsory military service to which it has issued a permit for residence or extension of residence abroad and notifying them of the time for which that residence has been granted or extended. In the case of an eligible who does not have a place of residence in the Socialist Federal Republic of Yugoslavia, that notification shall be sent to the Federal Secretariat for National Defense.

## Article 59

A person in the reserves may travel abroad and reside abroad temporarily or permanently if none of these impediments exist:

- 1) if he has not been delivered a summons for military service;
- 2) if criminal proceedings have not been instituted against him for the crime of failing to respond to a callup and of evasion of military service or for the crime of evading military service by incapacitation or deception;
- 3) if he has a military specialty or wartime assignment as designated by the federal secretary for national defense.

The Federal Executive Council may prescribe the conditions which temporarily restrict foreign travel of military eligibles born in certain years or with certain specialized training of particular importance to the manpower needs of the Armed Forces.

If any of the reasons referred to in Paragraphs 1 and 2 of this article exist, in the context of regulations governing the issuance of travel documents to citizens of the SFRY, the position shall be taken that the interests of defending the country require that a travel document not be issued to a person in the reserves, that the validity of a travel document not be extended, or a visa not issued or a travel document shall be confiscated or visa canceled.

## Article 60

A person subject to recruitment and a person in the reserves who has traveled abroad for permanent residence or for temporary residence longer than 1 year



shall be required to report to the diplomatic mission to be registered in its military records within the period of time stated in regulations on the travel documents of citizens of the SFRY.

A person subject to recruitment who is residing abroad temporarily or permanently in the calendar year in which he reaches age 17 must during that calendar year report to the diplomatic mission to be registered in military records.

Within a period of 2 months from the date when the recruit was registered in the military records as referred to in Paragraph 2 of this article the diplomatic mission shall notify the competent authority of the sociopolitical community. In the case of a person subject to recruitment who does not have a place of residence in the Socialist Federal Republic of Yugoslavia, that notification shall be made to the Federal Secretariat for National Defense.

#### Article 61

A person subject to recruitment residing abroad temporarily is required to return to the SFRY before expiration of the period for which he has been granted temporary residence and within 8 days from the date of arrival in the SFRY to report to the competent authority of the sociopolitical community for recruitment or induction for compulsory military service.

#### Article 62

A person subject to recruitment who returns to the SFRY from a permitted temporary residence abroad to stay longer than 3 months shall be inducted for compulsory military service if in recruitment he is found fit for military service or for limited military service.

A person subject to recruitment who has returned from permitted permanent residence abroad to the SFRY for a stay of longer than 1 year shall be inducted for compulsory military service if in recruitment he is found fit for military service or for limited military service.

As an exception to the provision of Paragraph 2 of this article, a person subject to compulsory military service who returns from a permitted permanent residence abroad to reside in the SFRY to attend school shall not be inducted for compulsory military service so long as that schooling lasts.

A person subject to recruitment who in addition to Yugoslav citizenship also has a foreign citizenship, and who resides abroad, shall be inducted for compulsory military service under the conditions stated in Paragraphs 2 and 3 of this article.

#### Article 63

Travel abroad and residence abroad of soldiers and reserve personnel while serving in the Armed Forces shall be regulated by the regulations governing service in the Armed Forces.

#### Article 64

A person in the reserves may not enroll in the service of foreign armed forces or establish any relationship with such forces whatsoever without prior permission of the competent authority in the republic or autonomous province.

#### Title VII. The Calling Up of Military Eligibles and Recordkeeping

#### Article 65

A military eligible whom the competent authority calls up in connection with performance of a military service obligation shall be required to report to the authority specified at the place and time indicated in the individual or general summons and to bring with him the things and documents specified in the summons.

The individual summons, excepting a summons for mobilization or for trial mobilization, shall be delivered to the military eligible no later than 30 days before the date fixed for commencement of the obligation for which he has been called up.

If a military eligible does not respond to the summons and does not justify his absence, the authority which called him up may issue an order to bring him in by force. The order to bring him in by force shall be executed by the authorized law enforcement agencies or authorized military authorities.

#### Article 66

The person responsible in the agency of the sociopolitical community or other government agency, organization of associated labor, or other self-managed organization or community in which the military eligible is employed who is evading performance of his military obligation shall be required to immediately notify the competent authority of the sociopolitical community.

A workingman who is self-employed shall be required to immediately report evasion of performance of a military obligation of a military eligible he employs to the competent authority of the sociopolitical community.

#### Article 67

A person who has been called up in connection with performing a military service obligation shall be entitled to compensation of travel expenses by public carriers, accommodations, and meals.

The conditions for payment of the compensation referred to in Paragraph 1 of this article to persons called up in connection with performance of a military service obligation in the Yugoslav People's Army and the amount of such compensation shall be determined by a regulation of the federal secretary for national defense, and in the case of persons called up in connection with performance of a military service obligation in territorial defense--by regulation of the competent authority in the republic or autonomous province.

## Article 68

Persons subject to compulsory military service and persons in the reserves who are employed and who have been called up in connection with performance of a military service obligation shall be entitled during the time of performing that obligation to compensation at the level of the average monthly personal income which they earned during the last 3 months before callup.

A person subject to compulsory military service and person in the reserves who are delegates in the assembly of a sociopolitical community or assembly of a self-managing community of interest, who occupy a permanent position or who have been delegated or appointed to a permanent position in a sociopolitical or public organization; if they earn personal income on that basis, shall be treated in the same way as a person subject to compulsory military service or person in the reserves who is employed with respect to rights to compensation for personal income during the time of performing the military service obligation for which they were called up.

A person subject to compulsory military service and person in the reserves who is self-employed or performs some other professional activity shall be entitled to money compensation during the time of performing the military service obligation at the level of the base which is used for compensation and payment of old-age and disability insurance contributions, plus the amount of prescribed obligations which that person subject to recruitment or that person in the reserves must pay during the time of performing the military obligation.

A person subject to recruitment and a person in the reserves who are entitled to a pension or who receive money compensation because of temporary unemployment shall also be entitled to that pension or money compensation during performance of the military service obligation for which they have been called up.

A person subject to recruitment or person in the reserves who are not employed or who are not self-employed and do not practice a profession and a person subject to recruitment and person in the reserves who are not entitled to a pension or money compensation because of temporary unemployment shall be entitled to money compensation in the amount prescribed by the Federal Executive Council during the time of performing the military obligation for which they were called up.

A person subject to recruitment and person in the reserves as referred to in Paragraphs 1, 2, and 4 of this article entitled to compensation for personal income, pension, or money compensation because of temporary unemployment that is less than the compensation referred to in Paragraph 5 of this article shall also receive the difference between the level of compensation for personal income, pension, or money compensation because of temporary unemployment and the level of the compensation referred to in Paragraph 5 of this article.

While in military service a person in the reserves shall be entitled to personal income and supplements according to the rank or class which he has and the position he holds. If the personal income, pension, and the like of such a person are greater than the personal income according to the rank or class

and position, including supplements, he shall also be entitled to the difference up to the level of the personal income, pension, and so forth.

The compensation envisaged by the provisions of this law shall be paid to persons called up to perform a military service obligation in the Yugoslav People's Army under the financial plan of the Federal Secretariat for National Defense, and to persons called up to perform a military service obligation in territorial defense it shall be charged to the resources of the agency which called them up.

A person in the reserves called up for military exercises lasting less than 48 hours shall not be entitled to the compensation envisaged by the provisions of this law. During that time he shall be entitled to meals and accommodation without payment if the military exercises last longer than 8 hours.

A government agency, organization of associated labor, or other self-managed organization or community in which the person referred to in Paragraph 9 of this article is employed, and also a self-employed workingman or workingman practicing a profession who employs such person shall be required to reschedule working hours or in some other way make it possible for the person in the reserves who has attended a military exercise of less than 4 hours scheduled at a time when he was supposed to work to perform his work duties and tasks and to receive the personal income to which he was entitled.

A person in the reserves may not be called up for military exercises conducted under the conditions referred to in Paragraph 9 of this article longer than 24 hours in 1 year or 48 hours during 2 years.

#### Article 69

Military records shall be kept on military eligibles.

The military records of all military eligibles shall be kept by the authority referred to in Article 3, Paragraph 2, of this law, and military records on reserve commissioned officers and reserve military employees by the competent authority in the republic or autonomous province. Military eligibles shall be kept in military records according to their place of residence, and military eligibles who are employed for an indefinite period of time in a sociopolitical community other than where they reside, according to the place where they are employed for an indefinite period of time, if they have registered to reside at that place.

The military records of military eligibles residing abroad longer than 1 year shall be kept by the competent diplomatic missions.

Military eligibles shall be registered in military records at the beginning of the year in which the recruitment eligibility commences.

Women military eligibles assigned to the reserves of the Yugoslav People's Army and women who have enrolled voluntarily for military training shall be kept in military records according to the regulations issued by the federal

secretary for national defense, and other women military eligibles shall be kept in records according to regulations of the competent authority in the republic or autonomous province.

Organizations of associated labor and other self-managed organizations and communities, bodies and agencies of sociopolitical communities and other government agencies shall keep certain information concerning military eligibles employed in those organizations or agencies according to the regulations of the competent authority in the republic or autonomous province.

#### Article 70

Agencies of sociopolitical communities, other government agencies, organizations of associated labor, and other self-managed organizations and communities shall be required to furnish the authority referred to in Article 3, Paragraph 2, of this law necessary data on military eligibles at its request in order to evaluate fitness for military service and to determine the arm, service or individual duties in the Armed Forces.

#### Article 71

A military service book shall be issued to military eligibles kept in military records.

The military service book is a personal public document whereby the military eligible proves that he has discharged his military service obligation and whereby he proves his identity while in military service.

The military service book shall be issued by the competent authority of the sociopolitical community in which the military eligible is kept in military records.

As an exception to the provision of Paragraph 3 of this article the military service book shall be issued by the following:

- 1) by the military school--to cadets who previously had not been issued a military service book and to cadets who have lost their military service book or have been left without it in some other manner;
- 2) by the unit or institution of the Yugoslav People's Army with the rank of independent battalion, regiment, or higher rank--to persons whose active military service has terminated and to soldiers who while doing their compulsory military service have lost their military service book or have been left without it in some other manner.

Military eligibles shall be responsible for the safekeeping of their military service book. If the wartime assignment is entered in the military service book, it constitutes a military secret.

It shall be prohibited to carry a military service book out of the SFRY.

A military eligible who travels abroad for a stay longer than 1 year must before departing abroad turn his military service book over to the competent authority of the sociopolitical community in whose military records he is kept.

#### Article 72

A person subject to recruitment or person in the reserves must report the following within a period of 8 days from the date the change occurred to the competent authority of the sociopolitical community in whose military records they are kept: an obvious change in state of health significant to fitness for military service; acquisition of academic and professional qualifications; establishment and termination of employment; type and place of self-employment or practice of a profession; change of address; change of domicile; return from serving military service and loss of the military service book.

The persons referred to in Paragraph 1 of this article shall be required to report a stay abroad longer than 40 days and temporary absence from their place of residence longer than 40 days--not less than 8 days before their departure, and their return from abroad or to their place of residence--within 8 days after arrival at the place of residence.

In addition to the changes referred to in Paragraphs 1 and 2 of this article, women military eligibles kept in military records must also report changes in family life which influence performance of the military service obligation (marriage, pregnancy, childbirth, divorce, death in the family).

Persons subject to recruitment and persons in the reserves and women military eligibles who are employed in the bodies and agencies of sociopolitical communities or in other government agencies, organizations of associated labor, or other self-managed organizations and communities in which there is a service or person handling the affairs of national defense shall report the changes enumerated in Paragraphs 1 through 3 of this article to that service or person. That service or person shall within 8 days of the date when the change was reported inform the competent authority of the sociopolitical community which does recruitment or in whose military records the person in the reserves is kept.

#### Article 73

Changes which a military eligible has experienced by decision of a competent authority must be reported by that authority within 15 days of the date when the change occurred to the competent authority of the sociopolitical community in whose military records the military eligible is kept, as follows:

- 1) change of name and termination of citizenship of the SFRY--by the body which issued the final decision to that effect;
- 2) the institution, stay or interruption of criminal proceedings for a crime which is prosecuted automatically, a final conviction of a crime carrying a reformatory sentence or unsuspended prison sentence, a final pronouncement of an institutional disciplinary measure or protective measures of mandatory

psychiatric treatment and confinement in a medical organization and mandatory medical treatment of alcoholics and drug addicts in a medical or other specialized organization and commitment to serve a reformatory sentence or prison sentence--by the competent court;

3) a prison sentence pronounced on a person subject to recruitment for a misdemeanor--by the agency which pronounced the sentence;

4) release from prison or reformatory--by the agency or institution which released the military eligible from serving the sentence.

Notification of the departure of a military eligible to work abroad must be made in the context of Paragraph 1 of this article by the self-managing community of interest for employment security through which the military eligible obtained employment abroad.

Notice of the death or pronouncement of the presumed death of a missing military eligible shall be made in the context of Paragraph 1 of this article by the clerk of records who has made the entry to that effect in the record of deaths.

The absence of a person subject to recruitment or person in the reserves from temporary or permanent residence for unknown reasons longer than 15 days shall be reported by a member of his family with whom he was living in the same household, and if he was living separate from his family and was employed--by the person responsible in the body or agency of the sociopolitical community or other government agency, in the organization of associated labor, or other self-managed organization or community who keeps records on employees or by the self-employed workingman with whom the absent military eligible was employed. Such persons must file notification of absence of a military eligible for unknown reasons within a period of 8 days following expiration of the 15th day from the date of his absence.

#### Article 74

The federal secretary for national defense is hereby authorized to issue the following regulations: on calling up military eligibles to perform military service obligations; on the manner in which compensation shall be paid to military eligibles who have been called up to perform a military service obligation in the Yugoslav People's Army, and the keeping of military records on military eligibles.

#### Title VIII. Procedure

#### Article 75

The decision related to performance of the military service obligation shall be made by the competent authority of the sociopolitical community unless this law provides otherwise.



An officer holding the position of commander of an independent battalion, regimental commander or equivalent or higher position shall make the decision related to discharge of the obligation of compulsory military service of soldiers in the military unit or military institution which he commands or directs.

An appeal against a decision made related to performance of a military service obligation shall not stay execution of that decision.

The competent authority in the republic or autonomous province which established the recruitment commission shall rule on the appeal against a decision of the recruitment commission.

The federal secretary for national defense or officer whom he authorizes shall rule on an appeal against a decision of a diplomatic mission related to performance of the military service obligation of a military eligible during temporary or permanent residence abroad.

An administrative dispute may not be conducted against the ruling on the appeal to a decision of the recruitment commission.

#### Article 76

Administrative fees may not be introduced nor collected on decisions and other rulings, certificates and other documents, requests, appeals and other petitions, nor on appendices to such documents or petitions related to performance of the military service obligation or pertaining to that obligation.

#### Title IX. Punitive Provisions

#### Article 77

A person subject to compulsory military service or person in the reserves shall be subject to a fine of not less than 10,000 and not more than 100,000 dinars or a prison sentence not to exceed 30 days for a misdemeanor if he does not answer the callup of the competent authority at the place and time indicated in an individual or general callup--for registration in military records, recruitment, medical and other examinations and tests prescribed by the federal secretary for national defense and for induction, military exercises or professional military training conducted in organizations of the alliance of reserve military officers and other organizations and recognized as equivalent to performance of military exercises, or for receiving or returning personal military equipment or for other military service (Article 9, Paragraph 1; Article 12, Paragraph 1; Article 13; Article 20, Paragraph 1; Article 49, Paragraph 1; Article 50, Paragraphs 4 and 7; Article 51, Paragraph 1; Article 54, Paragraphs 1 and 4; Article 55, Paragraph 1; and Article 65, Paragraph 1).

A military eligible shall also be subject to the penalty referred to in Paragraph 1 of this article for a misdemeanor if after responding to the callup leaves the military exercise or professional military training recognized as equivalent to performance of military exercises or other military service

without authorization, and also a military eligible who does not receive or does not return in proper condition or does not keep and maintain in the prescribed manner personal military equipment or does not bring it when this has been ordered in the callup of the competent authority (Article 49; Article 50, Paragraphs 3 and 7; Article 51; and Article 54, Paragraphs 3 and 4).

#### Article 78

A person subject to compulsory military service or person in the reserves shall be subject to a fine of not less than 5,000 and not more than 50,000 dinars or a prison sentence not to exceed 15 days for a misdemeanor in the following cases:

- 1) if he does not report the changes which have occurred as referred to in Article 30, Paragraph 3, and Article 72, Paragraphs 1, 2, and 3, of this law to the competent authority of the sociopolitical community in whose military records he is kept within the prescribed period;
- 2) if within the period prescribed in Article 60, Paragraphs 1 and 2, and Article 61 of this law he does not report to the diplomatic mission or competent agency of the sociopolitical community;
- 3) if he carries his military service book out of the SFRY (Article 71, Paragraph 6) or does not turn it over to the competent authority of the sociopolitical community before departing abroad for a stay longer than 1 year (Article 71, Paragraph 7).

A person subject to compulsory military service or person in the reserves who has committed a misdemeanor as referred to in Paragraph 1, Subparagraphs 1 or 2, of this law shall be subject to a prison sentence not to exceed 30 days if because of the failure to report in the context of Article 30, Paragraph 3; Article 60, Paragraphs 1 and 2; Article 61; and Article 72, Paragraphs 1 through 3, of this law it was not possible to deliver in time a callup for military service or if for that reason he was unable to report on time for military service (Articles 12 and 24; and Article 52, Paragraph 1).

#### Article 79

A self-managing community of interest for employment security through which a military eligible obtained employment abroad shall be subject to a fine of not less than 50,000 and not more than 500,000 dinars for a misdemeanor if it does not notify or does not notify on time the competent authority of the sociopolitical community of the departure of the military eligible to work abroad (Article 73, Paragraph 2).

The person responsible in the self-managing community of interest for employment security shall be subject to a fine of not less than 10,000 and not more than 50,000 dinars for a misdemeanor if that community does not notify or does not notify in time the competent authority of the sociopolitical community regarding changes concerning the military eligible as referred to in Article 73, Paragraph 2, of this law.

The person responsible in an agency of a sociopolitical community or other government agency shall be subject to a fine of not less than 10,000 and not more than 50,000 dinars for a misdemeanor if that agency does not notify or does not notify in time the competent authority of a sociopolitical community concerning changes pertaining to a military eligible as referred to in Article 73, Paragraphs 1 and 3, of this law.

#### Article 80

An organization of associated labor or other self-managed organization or community shall be subject to a fine of not less than 50,000 and not more than 500,000 dinars for a misdemeanor in the following cases:

- 1) if it does not notify the competent authority of the sociopolitical community that a worker it employs is evading recruitment, induction, or performance of other military service--as soon as it learns of the evasion (Article 66, Paragraph 1);
- 2) if at the request of the competent authority of the sociopolitical community it does not furnish the necessary data on military eligibles for the purpose of evaluation of fitness for military service and determination of arm or service and individual duties in the Armed Forces (Article 70);
- 3) if within the prescribed period it does not notify the competent authority of the sociopolitical community of the absence for unknown reasons of a military eligible it employs (Article 73, Paragraph 4).

The person responsible in the organization of associated labor or other self-managed organization or community or other organization shall also be subject to a fine of not less than 10,000 and not more than 50,000 dinars for a misdemeanor as referred to in Paragraph 1 of this article.

The person responsible in the agency of a sociopolitical community or other government agency shall also be subject to a fine of not less than 10,000 and not more than 50,000 dinars for the misdemeanor referred to in Paragraph 1 of this article.

#### Article 81

A self-employed workingman shall be subject to a fine of not less than 50,000 and not more than 150,000 dinars in the following cases:

- 1) if he does not notify the competent authority of the sociopolitical community that a military eligible he employs is evading discharge of a military obligation (Article 66, Paragraph 2);
- 2) if within the prescribed period he does not report to the competent authority of the sociopolitical community the absence for unknown reasons of a military eligible he employs (Article 73, Paragraph 4).

## Article 82

The member of the family of a military eligible living with him in the same household shall be subject to a fine of not less than 10,000 dinars for a misdemeanor if he does not report within the prescribed period the absence of a military eligible for unknown reasons to the competent authority of the socio-political community (Article 73, Paragraph 4).

## Title X. Transitional and Final Provisions

### Article 83

A military eligible who before the date when this law takes effect was classified as unfit for military service in peacetime or permanently unfit for military service shall also be considered to have been classified unfit for military service under the provisions of this law.

### Article 84

A person subject to recruitment who on 5 July 1980 was attending a university or other senior or junior postsecondary school or was pursuing postgraduate study and before this law took effect had not been inducted for compulsory military service shall be inducted for compulsory military service in the manner prescribed by the provisions of Article 36, Paragraph 1, Subparagraph 3, and Paragraphs 2 and 3, of the Law on the Military Service Obligation (SLUZ-BENI LIST SFRJ, No 22, 1974).

### Article 85

A military eligible who before the date when this law takes effect has graduated from the nationwide defense college or a nationwide defense program that conforms to the curriculum and syllabus of that college and who has held the position of military officer (trainee program) in the Yugoslav People's Army for 4 months and 15 days shall be considered to have done his compulsory military service under the provisions of this law.

A person subject to recruitment who on 5 July 1980 was a student in the nationwide defense college or nationwide defense program or the college for security and social self-protection shall be considered to have done his compulsory military service under the provisions of this law if according to the curriculum and syllabus of the college where he studied he spent 4 months and 15 days on duty (trainee program) in the Yugoslav People's Army and if he graduated from that college before the end of the calendar year in which he reached age 27.

The person subject to recruitment referred to in Paragraph 2 of this article who by the end of October of the calendar year in which he reaches age 27 has not graduated from a nationwide defense college or nationwide defense program or college of security and social self-protection, if he has successfully completed the trainee program in the Yugoslav People's Army lasting 4 months and 15 days, shall be inducted to complete his compulsory military service for a period of 5 months and 15 days.

#### Article 86

Soldiers who on the day when this law takes effect are doing their compulsory military service shall complete that service for the period of time stated in the regulations in effect before this law took effect.

The federal secretary for national defense may discharge the soldiers referred to in Paragraph 1 of this article as much as 60 days earlier if the manpower needs and combat readiness of the Yugoslav People's Army allow.

#### Article 87

A person who in the context of Article 25, Paragraph 3, and Article 33, Paragraph 1, Subparagraph 1, of the Law on the Military Service Obligation (SLUZBENI LIST SFRJ, Nos 36, 1980; 40, 1981; and 70, 1983) serve the first portion of their compulsory military service lasting 12 months shall not be inducted to serve the remainder. As of the day when this law takes effect that person shall be transferred into the reserves.

A person whose period of compulsory military service was interrupted in the context of Article 33, Paragraph 1, Subparagraph 1, and Article 34, Paragraphs 1 and 2, of the Law on the Military Service Obligation (SLUZBENI LIST SFRJ, Nos 36, 1980; 40, 1981; and 70, 1983) shall not be inducted to serve the remainder of compulsory military service if he spent at least 12 months doing compulsory military service before the interruption. On the date when this law takes effect that person shall be transferred into the reserves.

#### Article 88

Affairs of the military service obligation which until the day when this law takes effect were handled by military district authorities or other military authorities, but which pursuant to the provisions of this law are handled by the competent authorities in the republic or autonomous province, shall be transferred to the latter authorities no later than 31 December 1987 within the period of time and in the manner set forth by the federal secretary for national defense.

#### Article 89

The Law on the Military Service Obligation (SLUZBENI LIST SFRJ, Nos 36, 1980; 40, 1981; and 70, 1983) shall cease to be valid.

#### Article 90

On the day when regulations on criteria for evaluation of the medical fitness of military eligibles for military service enacted on the basis of Article 21 of this law take effect, the Decree on Criteria for Evaluation of the Medical Fitness of Military Eligibles for Military Service shall cease to be valid.

#### Article 91

This law shall take effect on the 8th day after publication in SLUZBENI LIST SFRJ.

POLITICS

GERMAN DEMOCRATIC REPUBLIC

LOCAL ELECTION RESULTS, SELF-ASSESSMENTS REPORTED

AU302101 East Berlin NEUES DEUTSCHLAND in German 22 Jan 86 pp 3-4

[Article: "Report of the Delegates' Conferences on Rendering Accounts and of SED Leadership Elections at the Kreis, City and City Ward Levels"]

[Text] The SED Politburo has received and approved the following report on the delegates' conferences on the rendering of accounts and the elections of the SED Kreis, city, and city ward leadership:

In keeping with the decisions of the 10th SED Central Committee session and with the election guideline, from 11 to 18 January 1986 a total of 263 SED Kreis delegates' conferences were held on the basis of the party statute and of the election regulations. In addition, delegates' conferences of the party organizations in the National People's Army [NVA], of the border troops, civil defense, and of the State Security Ministry also took place.

All conferences constituted impressive political highlights of the party elections and of the struggle of the communists and all working people for the further successful implementation of the decisions of the 10th and 11th Central Committee sessions on preparing the 11th SED Congress. The optimistic spirit and the positive results of the deliberations emphatically confirmed the viability and topicality of the party program and once again proved convincingly that strong incentives for the creative activity of the working people for peace and socialism spring from the policy of the main task in its unity of economic and social policy.

It was with great unanimity that the delegates and guests expressed their unreserved confidence in the party's policy aimed at the people's well-being and at securing peace, their confidence in the party Central Committee and in its general secretary, Comrade Erich Honecker.

In letters as well as in thousands of collective and personal pledges in the accountability reports and contributions to the discussion heartfelt gratitude to the party leadership was expressed for the fine domestic and foreign policy, and further vigorous support for the continuation of this successful policy was displayed there. On the basis of the good balance sheet of what had been achieved in each Kreis since the 10th Party Congress, all conferences adopted new demanding tasks and targets in preparation for the 11th SED Congress.

The statements of the members and candidate members of the Politburo at 31 Kreis delegates' conferences on basic problems of our time, as well as the experiences and arguments for continuing the popular debate and for unfolding a vast popular movement conveyed there elicited undivided approval. In addition, 152 Central Committee members and candidate members participated in the conferences.

All Conferences Were Constructive and Businesslike Working Deliberations, and Developed Into a Comprehensive Creative Exchange of Experiences

A total of 108,273 delegates participated in the Kreis, city, and city ward delegates' conferences. The 20,288 guests included Kreis chairmen of the friendly parties and mass organizations, antifascist resistance strugglers, and party veterans.

The participation figure for the delegates with a decisionmaking vote was 99.3 percent, that for those with a consultative vote [beratende stimme] 98.9 percent.

A total of 56.4 percent of the delegates were workers, 36.4 percent were women comrades and 13.9 percent were under 25 years of age.

In the discussion, which was conducted with political commitment and great expert knowledge, 3,820 delegates and 566 guests spoke.

Of the speakers 50.8 percent were workers, 13.2 percent cooperative peasants, 34.2 percent women comrades, and 17.5 percent were under 25 years of age.

Altogether 1,097 party secretaries of basic branches, 392 members of the scientific-technical intelligentsia, 260 teachers, and 129 physicians spoke at the conference.

Evidence of the constructive working atmosphere is also the fact that 2,813 proposals and suggestions were submitted, and that 1,115 written requests for leave to speak were submitted to the conferences, which are being evaluated by the Kreis leaderships.

Impressive for all the conference participants were:

- the marked optimism and the constructiveness shown in approaching all problems;
- the militant atmosphere in exposing reserves and in pointing out ways of exploiting them;
- the critical evaluation of their own work results and leadership activities, with a view ahead toward higher performance;
- the urge to impart good experiences as well as to apply the initiatives of the best on a broader scale.

The high educational standard and vast factual and expert knowledge of the delegates became evident in their speeches, in their creative and constructive approach to all problems of social development. Everyone had important things



to say, proceeded from a solid class and militant position, realistically assessed the results of work, generalized good experiences, and also critically listed problems that must be solved.

The Kreis delegates' conferences gave proof of a well organized and disciplined militant party which is acting unitedly from the Central Committee down to the basic organizations, a party which has gained further political maturity in implementing the decisions of the 10th SED Congress and which is deeply rooted among the people.

All conferences were distinguished by a high political standard. The accountability reports, the discussion, and the decisions provided a specific orientation toward the main problems and key tasks of the further preparation of the 11th SED Congress in keeping with the yardsticks and requirements of the 10th and 11th Central Committee sessions. The decisions on the results of the individual talks with all members and candidate members, on the party elections in the basic organizations, and on the development of the movement of SED Membership since the 10th Party Congress in 1985, published by the Central Committee secretariat, elicited a strong response at all conferences, and enriched the deliberations.

The Kreis delegates' conferences unanimously supported the assertion made by Comrade Erich Honecker at the 11th SED Central Committee session and reaffirmed in this New Year message that precisely now, after the Geneva summit, it is important to employ all forces to avert a nuclear inferno, to halt the arms race on earth, and to prevent its extension into space. They welcomed the fact that the GDR will in the future also continue its policy of constructive dialogue with all those who bear political responsibility. The delegates consistently came out in support of the comprehensive disarmament program for freeing the world from all nuclear weapons, submitted by Comrade Mikhail Gorbachev, general secretary of the CPSU Central Committee. At the same time, comrades voiced their concern about the fact that aggressive imperialist quarters are trying to deny the results achieved in Geneva and they resolutely denounced the continuous armament policy of the United States. They now expect constructive answers and deeds in response to the proposals submitted by the Soviet Union. The conviction prevailed that the further course of the international class conflict over the question of war and peace depends to a decisive degree on the comprehensive strengthening of socialism, on the consolidation of the unity and cohesion of the socialist fraternal countries, and on deepening our close cooperation with the CPSU and the Soviet Union.

On the basis of the decisions of the Central Committee for the further dynamic economic growth of the GDR, all the delegates' conferences took up a militant position to even better meet the requirements of the new stage of economic strategy. All conferences proved that the Zeiss workers' letter to Comrade Erich Honecker has already elicited a broad response in many combines and enterprises. In the accountability reports and contributions to the discussions, the comrades came out in favor of waging even more vigorously the struggle for top performances, for the application of key technologies, and for developing the enterprises own construction of rationalization means at a faster pace and

with good quality. The Kreis delegates' conferences decided to produce at least one additional day's output up the 11th Party Congress. It becomes evident from the new pledges that the perception "the stronger socialism is, the more secure peace is" has become the motif of action of millions of citizens.

The higher requirements on work with people with respect to their entire scope and variety ran through the accountability reports and discussions like a continuous thread. It became evident that man with his abilities and needs is always at the center in the struggle for high performances. This was the viewpoint in handling questions of socialist communal policy which is close to life. The greater demands made on implementing the apartment building program, on stable and continuous supplies on essential goods, on repairs and services, on a good medical care, on additional opportunities for an interesting shaping of leisure time, as well as other problems which have a special impact on the well-being of the citizens and on a healthy climate in the labor collectives and residential areas.

The Kreis delegates' conferences appreciated the proven alliance policy of the party which in all quarters is specifically expressed in close cooperation between the parties and mass organizations in the Democratic Bloc and in the GDR's National Front. It was impressively confirmed that trustful working together in implementing the decisions of the 10th SED Congress has yielded positive results. The close collaboration among the alliance partners, as was emphasized at the conferences, will also prove its worth in the future and will produce due benefits. This is reflected in numerous proposals and new pledges in connection with the 11th SED Congress. At the Bautzen Kreis delegates' conference, for example, the chairman of the Kreis Council, on behalf of all friendly parties and mass organizations of the Democratic Bloc, presented to the conference the alliance policy contribution of all the Kreis citizens in preparation for the 11th Party Congress.

The Results, Experiences, And New Tasks In The Struggle For The Further Economic Performance Increase Were Central To The Kreis Delegates' Conferences

The conferences emphatically underscored that the party's economic strategy has proved to be a reliable guiding principle in coping with the constantly rising requirements. The deliberations reflected the high personal commitment of the communists to head the socialist competition responsibly. This fact has been expressed, for example, in the militant stand and appeal of the "Thomas Muentzer" Brigade from the Radeberg Robotron VEB Electronics Works: "Our Workplace--Our Combat Place for Peace," which in the meantime has been answered by more than 35,000 pledges from other collectives in Dresden Bezirk. In Potsdam Kreis to date 34,500 working people have joined this initiative. In Frankfurt (Oder) Bezirk the appeal of the Fuerstenwalde tire workers has found a broad response, an appeal under the slogan "My Work--My Deed on the 11th [Party Congress]" to define a personal contribution to the contest which exceeds the plan. In Eisenhuettenstadt 22,000 such personal pledges were presented to the Kreis delegates' conferences. In Magdeburg Bezirk 28,000 collectives, responding to an appeal for the "7 October" Brigade from the "Georgi Dimitrov" heavy machine building combine assumed pledges to achieve top performances under the slogan "From Us For the 11th," and to accomplish one day's lead over the plan in the

first quarter of the year. The delegates to the Karl-Marx-Stadt Conference decided to exceed planned labor productivity by 1.2 percent in the first quarter of 1986.

The Kreis delegates' conferences confirmed that favorable starting positions for accomplishing the tasks that will be decided by the 11th Party Congress have been created everywhere.

The accountability reports and discussions proved that, as a result of the elaboration of high targets, of developing a creative and militant atmosphere, as well as of continuous party control, it is increasingly possible to promote the working peoples' initiatives and to exploit the opportunities of the regions for tapping reserves. By means of performance comparisons optimum performances are being generalized. The Brandenburg Kreis delegates' conference decided to hold seven performance comparisons, among other things between the Ost BMK Enterprise and the deep-working combine. Through reference to numerous top performances, as well as to the application of key technologies, good experiences were disseminated at the delegates' conferences.

Many Comrades Reported How The Maximum Performances Achieved During The 1985 Peace Shifts Have Become Normal Performances. The Kreis Delegates' Conferences Specifically Elaborated What It Means To Struggle For Top Performances And Optimum Values In Decisive Fields In Their Own Kreis

The economic utilization of the findings of science and technology occupied a decisive place at all conferences. The increasing application of key technologies, such as the setting up of CAD/CAM work places and the employment of robots and of microelectronics, was prominent in this context. Saving materials and power as well as the more rapid renewal of products were discussed in close connection with all this. A new generation of microelectronic components for guiding and control technology is being manufactured at the parent enterprise of the Friedrich Ebert EAW Combine. For this purpose the new S2,000 product is being developed 10 months ahead of schedule and will be translated into production. One hundred prototype steering mechanisms are being manufactured for industrial testing. The experiences of the Perfecta VEB Cutting Machinery Works, which build its own efficient section for the manufacture of microelectronic components and thus ensured its products' top position on the world market, played a great role at the Bautzen Kreis delegates' conference.

The speeches of state leaders were distinguished by the fact that they are uncompromisingly struggling to assert party and state discipline and are further improving their leadership activity to implement the latest scientific-technical results. Members of young researchers collectives and youth brigades spoke at all conferences and in an impressive manner made evident the militant stand and expert knowledge with which they are approaching the solution of the stipulated tasks. Quite a few people came out in favor of enlisting youth even more in demanding research and development tasks which challenge youth's thirst for action.

The Kreis delegates' conferences as a whole made an important contribution to the specific definition of the tasks for party work to ensure that the new

technical equipment and technologies are used on a broad scale on the basis of the enterprises' own construction of rationalization means, that teamwork is developed more comprehensively, and that the working people are prepared to master the new technologies. In order to effectively utilize the material and technical potential available in the region a "community of CAD/CAM computer-aided design [computer-aided manufacture], for example, is to be founded by the Teltow Carl Von Osietzky Electronic Components VEB, and the Sthahnsdorf Karl Liebknecht VEG Microelectronic Enterprise. It was critically assessed at several conferences, such as, for example, in Eisleben, Weisswasser, Klingenthal and Zwickau/Land [as received], that savings of jobs as a result of the employment of industrial robots are still insufficient. Thus an average of one to two workers per robot were saved in the aforementioned Kreise. The rate of utilization of the highly productive technical equipment per work day is also inadequate.

The demand that science and production be interlaced even more closely and that cooperation between the academies, colleges and combines be deepened is being met on ever-increasing scale. The Kreis delegates' conference of the Academy of Sciences discussed how in 1986 roughly one-fifth of the research and development potential earmarked for research bound by contracts can be used for cooperation with Berlin enterprises, 40 percent of this in the electrical engineering and electronics sector and 30 percent in the chemical industry. Altogether 60 inauguration and concluding activities are planned. The Berlin draft program for 1986-90 will be worked out up to the Bezirk delegates conference.

It was decided at the conference of the Dresden Technical University to achieve top scientific-technological results in basic and applied research more rapidly, and to deepen research cooperation with the partners in industry on the bases of coordination and service contracts.

Securing the coal and power program occupied an important place in the Kreise of Cottbus, Halle and Leipzig Bezirke. The delegates from the mining and coal refining enterprises stressed the high readiness of their collectives to further develop good results achieved in 1985 in supplying the national economy with local fuels and raw materials. Thus the working people in the Espenhain large scale surface pit will this year boost productivity in surface mining by 10 to 20 percent by means of a further automation of processes. The coal miners of the Nochten surface pit have set for themselves the target of extracting 300,000 tons of raw brown coal in excess of the plan, before the 11th Party Congress. The Delitzsch delegates' conference adopted the decision to exceed the plan by 1.5 daily outputs at the Delitzsch-Southwest surface mine before the 11th Party Congress and to start the extraction of raw brown coal at the Breitenfeld surface pit even in the party congress year. It was pointed out at the Borna conference that the brown coal installation construction combine must better assert its responsibility for a stable performance development in the coal mining enterprises.

The Kreis delegates' conferences made it evident that the production of high quality consumer goods, for which there is demand among the population, occupies an increasingly important place in the activities of the party leaderships and of the leading state and economic organs. This concerns both

enterprises of light industry as well as enterprises that are mainly manufacturing means of production. The conferences emphasized that the work under long-term programs has proved its worth and that it must be carried on even more purposefully under the leadership of the Kreis councils. In Magdeburg Bezirk the decisions of the Kreis delegates' conferences as a whole anticipate providing some M50 million worth of consumer goods, repairs, and services as well as rationalization means and subcontractor parts for consumer goods enterprises in excess of the plan. It was discussed in a constructive manner at the Marienberg conference how, on the basis of the two-digit increase rates in the past 2 years, the manufacture of the coveted wooden toys from the Erzgebirge mountains can be stepped up even more by means of a comprehensive rationalization in order to meet the domestic demand as well as export requirements. Assistance in the way of rationalization means to small- and medium-sized enterprises that are directly working on supplies to the populace played a stronger role than previously at the conferences. The lags in providing outerwear, particularly for children, in keeping with demand were also criticized at some conferences. It was also established that the results achieved in reducing waiting and idle times, in exploiting the basic assets as well as in manufacturing products with the "Q" quality mark are still inadequate in some enterprises. The basic party branches were enjoined to more consistently implement initiatives such as the zero fault production of the Schwedt initiative. The comrades discussed the fact that whereas the overall balance sheet was good, pledges assumed with respect to certain positions were not fully fulfilled or, that not all the quality indexes and investments were achieved. This concerns, for example, in Eisenberg, the insufficient development of shift work and the exploitation of the highly productive installations, the inadequate renewal standard of products in Stadroda, and the insufficient rate of increase in the consumer goods production in Saalfeld.

#### The Kreis Delegates' Conferences Dealt Thoroughly With The Tasks Of The Further Implementation Of The Housing Construction Program In Their Territory

Constructively and with a wealth of ideas the communists discussed the roads to tapping further reserves, especially through the more consistent utilization of science and technology to shorten construction periods and reduce building expenditures. The favorable balance sheet that was drawn up by the Berlin Kreis construction sector party organization representing the 2,214 Berlin construction collectives includes the fact that since the cornerstone for the new city district Berlin-Hohenschonenhausen was laid in February 1984 by Comrade Erich Honecker, over 10,600 families have moved into newly built apartments here. The work to shape the Ernst Thaelmann Park is being completed according to plan. In this residential area, 4,000 citizens have moved into new homes. Special tribute was paid to the achievements in the capital of building workers from all parts of the republic. At the Leipzig conferences building workers reported that they were making every effort to complete the 35,00th [as received] apartment in Leipzig-Gruenau by the 11th SED Party Congress. Zwickau City Center has fundamentally changed in appearance through the new construction and reconstruction of entire streets of houses, and through newly build avenues for pedestrians.

The results of the conferences have shown that the performance level and performance increase of the Kreis building enterprises is to be assessed differentially. There was an increase in the number of enterprises that, through consistently implemented performance comparisons for reaching the best GDR values and for the transition to multishift work, want to exceed the 1986 plan targets. Thus, the [word indistinct] Kreis delegate's conference decided to fulfill 37 percent of the 1986 housing construction plan targets by the 11th Party Congress. In Fuerstenwalde Kreis 28.2 percent of the apartments to be modernized and 30 percent of the apartments to be reconstructed are to be completed in the same period. In the discussion the comrades emphatically demanded that the construction preparation by the responsible organs be completed in good time, and that it be discussed with the citizens. At the same time, several conferences drew the attention of the party organizations and managers to the need to work more vigorously for compliance with labor discipline, for order and security on building sites, and for the economical use of building materials.

The Kreis Delegates' Conferences Were Fundamentally Marked By The Good Balance Sheets And The Noteworthy Performances Of The Cooperative Peasants and Land Workers

The conference impressively reflected the deep confidence of the peasants in the policy of the party, and the firm alliance of the workers class and the cooperative peasants. The thorough evaluation of the experiences gathered in the past 2 years has touched off new activities for the stabilization and expansion of the achieved yields and performances. Many deliberations dealt with the increase over and above the plan of crop and animal production. A special role was played at the Leipzig Bezirk conferences by the broadening of the movement for harvesting more than 60 dezitons per hectare. At the Demmin delegates' conference the communists, in honor of the 11th Party Congress, decided to achieve in the cooperatives a per cow milk production of 810 kilos [as published] by the end of March, while reducing fodder consumption by 1.2 percent.

The perfecting of management, planning, and cost accounting, the consolidation of the LPG and of the state farms, and the deepening of their cooperation relations had a tangible effect on the initiative of the cooperative peasants and their involvement in management activities. Tribute was paid to the thousands of young people who essentially contributed to strengthening a number of LPGs within the framework of the FDJ "Animal Production" and "Irrigation" drives.

At the same time, the discussions showed that great efforts are still needed to overcome unjustified differences in yield and efficiency between the LPGs and individual collectives.

At The Delegates' Conferences In The Armed Organs The Focal Point Was The Fulfillment Of The Class Assignment Given By The 10th SED Party Congress

It was assessed that they contributed decisively to strengthening the GDR with high performances in political and military training, in the ready-alert system, and in the protection of our national border, as well as by ensuring national security. On the way toward the 11th Party Congress they want to achieve a clear



increase in readiness for action, combat strength, and combat readiness. In the spirit of the Politburo decision of 11 June 1985, the comrades of the NVA set out how combat strength and combat readiness are raised, particularly by comprehensive intensification of the entire leadership, education, and training process. They convey experiences on how troop leadership is further developing as leadership of human beings. In future they want to pay particular attention to service and living conditions. In civil defense the task was set to further improve training to protect the population and the national economy against catastrophes and break-downs. Up to the party congress, a plan will be drawn up giving prospects for computer-aided measures for increasing action readiness and for rationalizing the leadership processes. The communists of the Ministry of State Security emphasized their firm will to make an even more decisive contribution to guaranteeing the security of our socialist state, to increasing vigilance, and not allowing the enemy to have a chance for action anywhere.

#### The Kreis Delegates' Conferences Made A Great Contribution To Effective Work With People In All Its Variety

Again and again accountability reports and discussions show: The firm trust between party and people is and remains the unshakable foundation for our further successful progress. Proceeding from this premise, the conference paid much attention to questions which involve the well-being of the people, the development of their readiness for performance, and the political climate in work collectives and residential areas.

They effectively inspired the communists to lead the ideopolitical work of the party, the mass organizations, and the National Front committees in such a way that the popular discussion reaches each work collective and each family, and that new insights are turned into new activities.

Through concrete assessment of the results achieved to date in political work among the masses, often based on careful analyses of the political situation and of the opinions and questions of the working people, the Kreis delegates' conferences created good preconditions to deal more expertly with the citizens' concerns. They set down stipulations for equipping the party members more quickly and purposefully with convincing arguments, facts, and balance sheet material. In this connection the conferences drew attention to those villages and residential areas where more efforts must be made for strengthening the National Front committees. Thus, the thorough preparation for the Volkskammer and Bezirk assembly elections on 8 June 1986 is taken into account, so that election day will become a unanimous avowal by the citizens of the policy of the 11th Party Congress.

All Kreis delegates' conferences granted much time to the tasks of increasing party influence on work among the citizens of the state organs and of increasing the authority and efficiency of the people's representative bodies. Entirely in line with the new bill on the local elected assemblies, the conferences drew up measures for further strengthening the power of the socialist state through varied and detailed ideological work, broad development of the socialist democracy, the tapping of regional reserves in order to raise the national economic capacity, and stable supply to the population.

In almost all Kreise, corresponding activities were put forward at the conferences, for instance, in the Berlin-Lichtenberg City District concerning the conclusion of local agreements with 28 enterprises and institutions and the formation of engineering teams and other work groups. The Berlin-Koepenick Kreis delegates' conference introduced important projects for improving working and living conditions under the control of the Kreis leadership, such as the building of a social facilities wing in the color tube factory of the Television Electronics Works, and the modernization of the kitchen, as well as expansion of the canteen in the Oberspree "Karl Liebknecht" Transformer Plant.

Many conferences were characterized by the fact that problems which to date have not been solved satisfactorily were also openly discussed, such as the necessary improvement of commuter traffic in Jena-Stadt, the guild structure of the local construction sector which does not meet the requirements, and the unsatisfactory quality of several services. The conferences condemned with determination the persisting occurrences of indifference and routine, as well as callous behavior toward the justified concerns of the citizens. In their accountability reports the Kreis leaderships, among others in Schwerin Bezirk, repeatedly demanded an even quicker and more effective reaction to suggestions and criticism from the population, the far-sighted tackling of problems, and solutions to them with the help of the citizens.

Council chairmen, mayors, comrades of trade and service institutions and of the local construction sector stressed with determination that since September 1985, after the decision of the Central Committee Secretariat on a report from Bischofswerda Kreis, numerous positive changes have come into effect. In the Kreise of Halle Bezirk, for instance 82 tradesman's licenses were issued since the beginning of the party elections, that is 31 more than during the same period last year. The comrades in Eisleben reported on positive experiences concerning more and better services. The efforts to better satisfy the customers' wishes are aided by 18 new kinds of services, such as weekend services for the repair of washing machines, refrigerators, and other large household appliances. In Dresden Bezirk, 57 outlets for essential goods, 30 for industrial goods, and 38 inns were reopened or newly opened. In total, the number of tradesman's licenses issued has risen by 24 percent since September 1985.

In many Kreise better adjustment of shops' and inns' opening times to the work shift rhythms of the working people was achieved, including for the potash miners in Bas Slungen, the shift workers of the Neuhaus "Anna Seghers" Micro-electronics VEB, the heavy machinery builders in the Magdeburg Ernst-Thaelmann-Combine, and the working people in Haldensleben and Stassfurt. In all Kreise it was confirmed that in places where matters were discussed and tackled jointly by state and trade organs or enterprises and citizens an acceptable solution is found in most cases.

At all Kreis delegates' conferences the initiatives and the responsible work of pedagogues, physicians, and nurses, as well as cultural workers received appropriate praise. Tribute was paid to the achieved results, and constructive conclusions for further work were drawn, particularly for the communist education of youth, for vivid and varied intellectual-cultural life in town and countryside, and a good level of medical care.



Everywhere, the social security and safety of the GDR citizens was compared with the conditions in the capitalist countries, particularly the FRG, where the number of officially registered unemployed has increased to 2.3 million and where social cuts have led to the emergence of a new poverty.

The Level Of Political Leadership Activity Of The Kreis Leaderships Has Further Increased Due To The Implementation Of The Decisions Of The 10th Party Congress

At all conferences it was shown that the relations between Kreis leaderships and basic organizations has become closer and more trustful. Instructions and support for basic organizations became more effective and concrete because now there is also more help on site, in order to raise the level of inner-party life, to successfully organize the struggle for good economic results, and to hold the popular discussion in a varied and detailed way. Comrades often stressed that the Central Committee's high praise of honorary work is an incentive for them to increase their own contribution to implementing the decisions and to intensify their political effectiveness in mass organizations, in work collectives, and in residential areas.

The communists' increased awareness of responsibility was shown--at the conferences in the Karl-Marx-Stadt Bezirk, for instance--by the fact that more and more comrades are facing up to the higher demands, in line with the slogan of Party Group Organizer Karl-Heinz Eckert of the Karl-Marx-Stadt Accounting Machine Works VEB: "The Communist--Fighter, Confidante, Oriented Toward The Future," and are developing new initiatives for increasing performance in their work collectives.

Many conferences reflect how differences in standard can be further reduced by concrete performance comparisons and exchanges of experience between the party organizations. At the same time, however, it became clear that smaller basic organizations in particular have to be granted concrete help in organizing effective political, ideological, and economic work in the sphere of their responsibility.

All conferences demonstrated that the Kreis leaderships are paying much attention to proposals, suggestions, and criticism. It was stated that it is an important leadership task to immediately change what has been recognized as an obstacle or nuisance. At every Secretariat session, the Schoenebeck Kreis leadership, for instance, hears the reports of one basic organization and of the chairman of the Kreis Council concerning the realization of proposals. In this Kreis 80 percent of all suggestions from the individual talks and party elections have been dealt with to date.

The conferences reflected how the party's educational policy pays. They showed that many new, particularly young cadres have grown up, who distinguish themselves through profound technical knowledge and the struggle for high production performances. Many of these comrades were elected to the leaderships of the basic organizations and as members of the Kreis leaderships. The Kreis leaderships ensure their political qualification and acquaint them with the tested experiences of party work.

The Kreis Delegate's Conferences Oriented The Kreis Leaderships Toward Improving Their Leadership Activities In The Following Fields:

--The Kreis leaderships are to further develop their capability to acquaint the basic organizations in a profound and rapid way with the contents of the Central Committee decisions, to help them derive concrete measures for their sphere of responsibility from these decisions, and to consistently organize and control the fulfillment of the tasks. Thus democratic centralism in the party is again strengthened.

--The rich treasure of experiences and the impetus from the party elections are to be used efficiently in order to further increase the leading role of our party, to strengthen its militant strength in all societal fields, and to further deepen the relationship of trust between party and people. The popular discussion and the mass movement are to be directed toward the consistent implementation of our party's economic strategy and the daily fulfillment of all positions of the national economic plan, including all pledges for its overfulfillment as a decisive contribution to safeguarding peace.

--The leadership style is to be developed in such a way that party work is planned on a long-term basis and with far-sightedness, and thus purposefulness and continuity are preserved. In this, the Kreis leaderships rely on concrete analyses of the situation, something which has made work more businesslike and vivid. Work with the plans of measures for solving the national economic tasks, the plans of political work among the masses, and the militant programs of the basic organizations is to be further qualified.

--The Kreis leaderships continuously devote particular attention to the citizens' working and living conditions. They intensify their instructive and educational activities for the basic organizations in the state organs and exert increasing influence so that communal matters are looked into more thoroughly, are more comprehensively discussed with the citizens, and that necessary changes are more reliably made.

The Composition Of The Newly Elected Kreis Leaderships Guarantees A Successful Implementation Of The Party Decisions

At 263 Kreis delegates' conferences 19,578 comrades were elected members and candidate members of the Kreis, city and city district SED leaderships by secret ballot, on the basis of the Central Committee election regulations.

They are comrades with experience in party work and work among the masses from all fields of society life, who adhere to their principles in advocating the party's policy, who put themselves with dedication in the front ranks of the struggle to implement the Central Committee decisions, and who have a high political and technical knowledge. Among the members and candidate members of the Kreis leaderships there are 37.1 percent women comrades and 16.7 percent are under 25 years of age; 63.3 percent have been in the party for more than 10 years. Among them are many exemplary workers, competition initiators, researchers, engineers, and cooperative peasants, who have an outstanding share in the development and accelerated introduction of key technologies, as well as in attaining top scientific-technological achievements.

The proportion of qualified workers, particularly from youth brigades, researchers and innovators collectives amounts to 64.8 percent and has increased by 3.1 percent since the 10th Party Congress; 9.3 percent of the members of the Kreis leaderships work as cooperative peasants, and 23.9 percent belong to the intelligentsia.

University or technical school graduates make up 70.6 percent of the members and candidate members of the Kreis leaderships; 92.2 percent of the comrades received Marxist-Leninist training of more than 3 months; that is an increase of 5.3 percent compared with the 1980/81 elections.

The Kreis, city, and city ward leaderships elected 2,596 comrades members of the Secretariats, among them 1,251 secretaries.

Almost 70 percent of the Secretariat members have been members of our party for more than 20 years. Social-scientific training of at least 1 year was received by 97.7 percent.

The secretariats comprise 376 comrades, that is 14.5 percent of all secretariat members.

The newly elected first secretaries of the Kreis leaderships are comrades who have long-standing experience in party work and a high political education; 28.5 percent of them have been working in their present function for more than 10 years. All first Kreis secretaries are graduates of a university or a technical school; 41.4 percent of them previously worked in full-time jobs in the FDJ.

In total, 565 comrades left the Kreis leadership secretariats, that is 21.8 percent. In 46.3 percent of cases this is due to taking over a higher or different function, or to beginning of studies. For health reasons 31.3 percent of the comrades left, while 19.6 percent no longer met the increasing demands on leadership and management activities.

At the SED Kreis delegates' conferences 17,081 delegates with the right to vote in decisions and 663 counselling delegates were elected for the Bezirk delegates' conferences.

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POLITICS

GERMAN DEMOCRATIC REPUBLIC

SED HOUSING POLICY, NEW LAND REGULATION DISCUSSED

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[Article by Prof Dr Guenther Rohde, of the Jurisprudence Department of the Humboldt University in East Berlin: "Building Site Law and the Principal Task"]

[Text] The building site law (1) enacted by the People's Chamber presents significant central regulations for the implementation of the principal task in important social sectors. It reflects in a particularly meaningful manner the unity of economic and social policy, which is such a vital feature of the developed socialist society and, according to party and government decisions, will continue to be a long-term strategic objective.(2) The building site law incorporates important regulations on the implementation of our economic strategy as well as social policy. Basic topics of investment, construction and land policy are dealt with and long-term orientations provided for government organs and facilities, social organizations, enterprises and citizens--all for the implementation of the principal task in these spheres. Basically it is concerned with the implementation of our economic strategy for the planned construction, modernization and reconstruction of buildings and building structures and the settlement of the housing question as a social problem by 1990.

The economic strategy decided upon at the Tenth SED Congress responds to the challenges of the 1980's. It provides a complete conception for the ongoing implementation of the party's economic policy. It is directed to comprehensive intensification.(3) The decisions taken by the Seventh SED CC Plenum initiated a new stage in the implementation of the economic strategy. It is imperative now to guarantee the dynamic development of the productive forces and ensure the comprehensive nature of intensification.(4) The new qualitative factors of intensification will be determined in accordance with the respective standard of development and coupled with the admonition to guarantee the necessarily higher standard in all sectors of the economy.(5)

This orientation results in qualitatively new features for urban planning. Intensive reproduction is increasingly the key factor in the construction industry. Involved here first of all is the need to achieve a more favorable cost/result ratio by the more efficient utilization of scientific-

technological advances, the introduction of new equipment lines and the use of industrialized methods for modernization and repair. The rational use of the available building stock must be assigned far greater importance. We must increasingly accomplish the transition from the largely extensive expansion of cities to their intensive development and inner-city construction.(6) The Eighth Construction Conference defined the basic requirements on the further implementation of the economic strategy in the construction industry: The intensive use, maintenance and modernization of the available building stock must be made a solid component of efficient fixed asset reproduction. The proportion of construction in investments needs to be lowered and construction times cut. The growing production tasks must be handled with fewer raw materials, energy and transport services. It is imperative to resolutely advance energy conserving construction methods and substantially reduce prime costs.(7)

By implementing the economic strategy we provide the necessary prerequisites for comprehensively realizing the social nature of the socialist society. It will then be seen and experienced by the working people. The meaning of socialism is thereby realized--to do everything for the welfare of the people, the interests of the working class, cooperative farmers, the intelligentsia and other working people. Social motivations are developed and liberated, fanning and encouraging the working people's initiative and readiness to perform. The results of this conception are evident in the entire sector of social policy. They are particularly obvious in the implementation of the housing construction program. The settlement of the housing issue by 1990 as a social problem is considered the nub of social policy. In the years 1971-1983, some M160 billion were made available for new construction, modernization and maintenance. The volume of new and modernized housing and the standard of equipment achieved both confirm the fruits of this unity of economic and social policy. Settlement of the housing problem decisively improves the material and cultural living standards of the population and directly and positively affects a large sector of living conditions.

Party and government have always insisted that socialist democracy would be further perfected by the implementation of the principal task. It is imperative to increasingly use the developed social motivations for the active involvement of all working people in the realization of social tasks. The implementation of the principal task and the development of socialist democracy are indissolubly linked. Consonant with the specific circumstances and requirements we need to trace the most efficient methods for the public's cooperation in various social sectors.(8)

These same considerations were also decisive for the building site law. Its provisions are designed above all to help the efficient implementation of the unity of economic and social policy in the construction of industrial buildings and private homes as well as the modernization, reconstruction and repair of buildings and building structures while, at the same time, perfecting socialist democracy. This conception is reflected throughout the provisions of the law, and it must also represent the basic orientation for its application.

The building site law also helps accomplish the task set by the Tenth SED Congress to review and revise any laws which no longer correspond to the stage of development.(9) The 1950 reconstruction law was canceled. For almost 35 years, this law had provided the central juridical basis for GDR urban planning and contributed decisively to the planned implementation of urban planning targets and to the organization of or change in existing property and usufruct rights with regard to sites consonant with these targets. The building site law and the simultaneously enacted compensation law further perfected the system of laws to respond to the requirements of social development in the GDR. This will be demonstrated and confirmed with the help of the following key points and principles:

1. Based on the economic strategy, the law fixes the basic requirements with regard to the more intensive use of the available building stock and building land. These requirements were amplified into legal duties of government organs and enterprises. Their specific coupling with regional and urban planning as well as with government decisions on the allocation of land provide a mechanism by which the set targets may be realized and greater efficiency achieved. Based on these premises, new buildings are normally to be constructed within built up areas in cities and villages. The obligation to give priority to inner-city construction specifically endorses the special protection extended to land used for farming or forestry (Articles 9, 10). The first ever comprehensive settlement of the responsibility for modernization, reconstruction, remodeling and extension (Articles 15 ff) is another necessary corollary of the basic orientation to primarily build in the inner cities.

If, nevertheless, building sites need to be made available, the building site law prescribes specially intensive utilization. The requirement to make land available rationally has been elevated to an obligation of government organs and building clients. The following are among the main principles:

-- The intensive utilization of existing building sites is a general duty. Building clients must exhaust all possibilities for the rational use of their land and the building substance worth retaining. Only after they have brought proof of having done so will they be authorized to apply to government organs for the allocation of a building site. Such proof has been declared a special precondition for any government decision about the application for making building land available (Article 3 Paragraphs 2 and 3, Article 8 Paragraph 1). Withdrawal of property rights and an order on a change of trustees are admissible only if the exhaustion of all possibilities for the intensive use of the suitable real property held in trust, owned or used by the building client is proved (Article 3 Paragraphs 2 and 3, Article 8 Paragraph 1, Article 12 Paragraph 2).

-- Important economic criteria have been established for the phase of allocating sites. This serves to further develop the management of site allocation and endeavors to achieve its more effective incorporation in the preparation and implementation of investments. Strict economy and good management are basic requirements. At the same time, the allocation of land has been linked to more social requirements with regard to land use. These include mainly the protection of farm and forest lands, drinking water



supply areas and areas producing natural medicaments, of mining interests in mining protection regions and the observance of regulations relating to socialist ecological policy and environmental protection. Instructions also orient to the gradual allocation of land; such allocations must proceed in accordance with the progress of construction (Article 3 Paragraphs 1 and 2).

-- The necessary criteria for the rational allocation of land and the intensive use of building sites are established by way of special space standards. In cooperation with other central organs, the Minister for Construction will issue standards for rational space use with regard to various categories of construction measures. He has already done so with regard to comprehensive housing construction and site facilities. The criteria for the rational use of building sites will thereby be established with mandatory effect. Other directives are designed to encourage their strict observance: First of all, such observance must be supervised by inspections and the confirmation of selected urban planning schemes, secondly these standards need to serve as an important yardstick for ensuring that the available building site is intensively used by the building customer and the necessary proof of such use provided (Article 6).

2. The building site law also rearranged relations between regional and urban planning as well as the allocation of building land. This is designed to make sure that such planning becomes an important basis for decisions on the allocation of building land. This task is to be carried out by way of two kinds of approaches especially: The determination of the objective and bases of land allocation and the exact regulation of the prerequisites for government decisions. By way of this mechanism, the application of the law must make it possible for land allocation to be effectively incorporated in the process of investment preparations and for efficient building land use to be achieved. It is at this stage that the volume of the building land required and the time of land allocation are correctly determined, precluding such defects as unjustified, premature or "supplementary" land allocations. Another important result is achieved at the same time: The necessary interference in property and trustee rights is restricted to the absolute minimum, and the lawful holder retains use of the land up to the latest possible date.

Taking these objectives into account, land allocation is to proceed on the basis of regional planning (in particular relating to the distribution of the productive forces) and urban planning. This includes mainly the long-range regional development conception in the districts, long-range conceptions on the organization of the settlement structure, long-range development and site conceptions for the production sectors, the long-range conception of housing construction, general traffic plans, general building schemes, local organizational conceptions and space utilizing plans as well as the planning of protected and reserved areas.

Application of the law carries out this orientation mainly by ensuring that the development of land allocation is incorporated in location planning. The allocation of building land is normally admissible only if building measures were previously classified with the location envisaged. Proof of compliance must be brought by means of location confirmations, location permits or

mandatory urban planning classifications. These governmental decisions must be produced with the building client's application for land allocation (Article 8, Article 12 Paragraph 2 building site law; Article 8 implementing decree to the building site law of 15 June 1984, GB1 I pp 205ff, appendix 1).

This conception allows us to abandon the former reconstruction area declaration. The tasks pursued by the latter are now achieved by the methods listed. The reserved areas are regulated differently in the building site law and serve another task entirely. They confirm the conception of the law, namely to strengthen the planning bases for land allocation. At the same time we are thereby achieving the further standardization of the general regulation of protected and reserved areas.

Reserved areas may be established to safeguard long-range urban development, the rational use of space and the coordination of locations for construction measures. The objective is that of keeping in mind the necessity for the use of these sites to observe the requirements of future building construction and of avoiding potential future demolitions. Special orders, bans and conditions for use may be issued to title holders, owners and usufruct holders. The respective instructions must normally be issued with the site permit or building approval (Article 7).

3. The provisions of the building site law help further perfect socialist democracy as the principal approach to the development of socialist public life. The comprehensive involvement of the working people in the preparation, planning and implementation of construction decisively characterizes the total conception of the law and is the universal mandatory instruction for carrying out the law. New methods for citizen involvement were worked out. The tasks for government organs and building clients with respect to the information of the public and the organization of public cooperation are increased and comprehensively regulated.(10). Owners and users now have a greater responsibility for the efficient use of the space and buildings and, consequent on their increased rights, also have better possibilities for realizing them. That is demonstrated by the following, in particular:

-- Cooperation between government organs, building clients, legal title holders, enterprises and citizens is stated to be a general duty (Article 5). Jointly with the building clients, local people's representatives and their councils must inform residents, enterprises, facilities, cooperatives and social organizations about the particular building measures and the real property required and discuss the matter with them. This comprehensive informational duty is set out in detail especially with regard to the preparation and execution of modernization and repair measures. Such measures seriously impinge upon and sometimes adversely affect the living conditions of the citizens affected, especially when the respective measures must be carried out in occupied buildings. Tenants' cooperation in the provision of the necessary access and even their help in the case of modernization is both imperative and useful; comprehensive and early information creates good and needed prerequisites. That is why the time, extent and content of the informational duty was exactly prescribed, including measures to be permitted or arranged for by the legal title holder, owner, authorized agent or usufruct holder for the preparation and conduct of the building measures (15).



The regulations regarding appeals against government decisions on land allocations also reflect the further perfection of socialist democracy. Decisions by government organs such as the assignment of targets, withdrawal of property rights and compulsory transfer of legal titles, orders on the execution of building measures, the order on co-use and statement of terms for use must be given in writing and include reasons and instructions about the right to appeal. This decision may be appealed in accordance with the new regulations.

-- The settlement of the issue of the responsibility of government organs perfects democratic centralism in the sphere of land allocation also, in accordance with the status of social development. It features the task more comprehensively and effectively to involve the public in the implementation of the building measures decided. The entire system of the management and planning of land allocation is further developed by establishing the tasks of the Council of Ministers, ministers, district assemblies and their councils as well as kreis councils (Article 6). The kreis councils have quite particular tasks. They decide the actual allocation of real property for building measures. The kreis construction office reviews the application and the preparation of the decision. The decision is issued in coordination with city and village councils. That is the reason why the application must be submitted to the council of the city, city district or village competent for the location of the building measures, and these bodies then forward it to the kreis council. The local council is thus enabled to comment at the very first stage. The kreis council decides by way of a resolution. This responds to the social significance of land allocation and its effects on the living conditions of our citizens. At the same time this procedure continues the long pursued policy of increasingly transferring decisionmaking powers with respect to land use to the kreis councils. A more effective coordination of the various social requirements on land use may thus take place on the basis of regional plans and greater standardization be achieved in the application of the law.

4. The building site law emphasizes the need for the contractual organization of and change in property and usufruct relations with regard to building measures. The very principles of the law state in Article 4 that the real property, buildings and building structures must be obtained by the conclusion of contracts between building clients and legal title holders, owners or authorized agents. Deprivation of property rights by government decision may occur only if no contract could be concluded.

The conclusion of contracts is considered the most satisfactory legal method for persuading owners and users of the necessity of building measures and recruiting their help. Such a procedure realizes one of the fundamental principles of our political life and government management efforts: To explain government tasks to the members of the general public, persuade them of their necessity, recruit them for cooperation in their achievement and increasingly involve them in government management. The sequence--first the contract, subsequently government decision--reflects the general principle of our public policy: To explain government tasks to the members of the public and make them conscious of these tasks so as to win their cooperation.

According to the building site law, such contracts are desirable in the case of a change in legal title, the transfer of property rights in the real property needed for construction, modernization, remodeling and expansion or repair, the establishment of co-use and the observance of terms for utilization.

This orientation to the contractual organization of relations also applies to the implementation of the measures for modernization, remodeling, extension and repair. Legal title holders and owners must agree with the enterprises or facilities charged by the local councils on the methods for carrying out the building measures as well as the services to be rendered by the legal title holders and owners themselves (Article 15 Paragraph 2). It is assumed that the legal title holders and owners are responsible for the modernization and repair of the buildings, and that the contracts to be concluded are a specific method by which the government may aid and assist the implementation of these challenging tasks.

5. Upon the turn to intensive city development, modernization, reconstruction and repairs acquire a special status in the housing construction program. Existing building stocks represent national wealth in the amount of M460 billion.<sup>(11)</sup> Their efficient use and maintenance is an important component of the economic strategy and of the approach to the settlement of the housing issue as a social problem. This orientation urgently required a decision in principle on the responsibility of legal title holders and owners for modernization, reconstruction and repairs. This was provided by the building site law. According to this law, legal title holders and owners must carry out the planned measures of modernization, remodeling and extension as well as the repair and maintenance of buildings, building structures and empty spaces (Article 15). This provision is based on the special social function of existing buildings, in particular for the satisfaction of the public's housing needs. At the same time it documents the specific responsibilities of legal title holders and owners vis-a-vis the socialist state.

However, the law goes beyond the regulation of the responsibilities of legal title holders and owners; it also appoints the methods for its implementation. This includes mainly a most intimate cooperation between government organs, legal title holders and members of the public. The councils of cities, city districts and villages were obligated to appropriately inform legal title holders, owners and usufruct holders of real property, buildings and building structures about the building measures provided for by the annual plan. The local organs must discuss with them the most efficient implementation of these measures at the earliest possible time.

Government aid and assistance is also oriented to the implementation of building measures. It is to be organized mainly by way of a special contract to be concluded between the legal title holder or owner and the enterprises or facilities appointed by the local councils. The contract must include the agreed method of carrying out the building measures and the services to be rendered by the legal title holders and owners themselves. Such contracts have long been used successfully and were usually designated building service contracts. In future they are to achieve special importance for carrying out

modernizations. They will help realize the modernization programs taking while taking account of the various ownership conditions, achieve the standardized management of modernization complexes and assist owners in the observance of their responsibilities. Such assistance also includes extensive loans at favorable terms. Though the pertinent regulations are not part of the building site law, they do belong to the system of government assistance in this sphere.

Based on the conception of making the owners responsible for realizing the modernization decided upon within the framework of existing property right relations, government decisions may order building measures to be carried out if the owner fails to meet his responsibilities as per Article 15. That is the necessary corollary arising from the mandatory effect of the annual plans, the fixed responsibility of owners and the social function of the planned building measures. In addition it will be possible in special cases to acquire by contract real property, buildings or building structures for the purpose of the building measures listed. If negotiations fail to come to a result, deprivation of property rights may follow in such cases but only on specific and exactly regulated conditions (Article 16).

6. The building site law also provides comprehensive new regulations for site allocation by government decision so as to take account of the stage of development achieved. They include the order for changing the legal title, the deprivation of property rights, the order for co-use and the establishment of usufruct terms. These regulations put in specific terms the provisions of Article 16 of the Constitution and at the same time realize the principles stated. They include exact provisions about the prerequisites for governmental decisions, differentiated by the various kinds of building measures: New construction investments, private homes, modernization, reconstruction, remodeling, extension and repairs. The procedure, beginning with the application through the decision and legal effects of government decisions were revised. The compensation law comprehensively deals with the claims for compensation arising therefrom.

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In summation we may claim that the building site law represents the most comprehensive yet settlement of site allocations. It features decisive advances for further standardizing the existing legal regulations on the allocation of land in the various social and economic sectors. A model has thus been created, which gives the direction of the implementation of the law and future legislation in this field.

#### FOOTNOTES

1. Law on the Allocation of Real Property for Building Measures - Building Site Law - of 15 June 1984, GB1 I p 201ff; all articles cited hereafter refer to this law.
2. See "10. Tagung des ZK der SED. Zur Vorbereitung des XI. Parteitages der SED. Aus der Rede des Genossen Erich Honecker" [Tenth SED CC Plenum. On

the Preparation of the Eleventh SED Congress. Excerpts from the Speech by Comrade Erich Honecker], Berlin 1985, p 24.

3. See "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED. Berichterstatter: Genosse Erich Honecker" [SED CC Report to the Tenth SED Congress. Reporter: Comrade Erich Honecker], Berlin 1981, p 60.
4. See G. Mittag, "The Party's Economic Strategy Serves the Further Perfection of the Policy of the Principal Task," EINHEIT 1984, pp 802ff.
5. See "Tenth SED CC Plenum. On the Preparation....," as before, p 27.
6. See W. Junker, "The Housing Construction Program--The Core of Our Party's Social Policy,": EINHEIT, 1984, p 884.
7. See W. Junker, "A Matter of Honor for All Construction Workers: The Best for the Eleventh SED Congress. Report to the Eighth Construction Conference," NEUES DEUTSCHLAND, 14 June 1985, p 3.
8. See E. Krenz, "Government and the Law in the Ongoing Emergence of the Benefits and Motive Forces of the Socialist Society." GDR Conference on Political Science and Jurisprudence, 26 and 27 June 1985, Berlin, Berlin 1985 pp 28ff, 54ff.
9. See "SED CC Report to the Tenth SED Congress....," as before, p 119.
10. See E. Krenz, as before, p 55.
11. See W. Junker, "It Is Imperative to Intensively Use the Land and Fixed Assets," NEUES DEUTSCHLAND, 16/17 June 1984, p 4.

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POLITICS

HUNGARY

BERECZ TAKES HARD LINE ON YOUTH ACTIVISM, 'COUNTERREVOLUTION'

Budapest MAGYAR IFJUSAG in Hungarian 6 Dec 85 pp 2-3

[Text of speech given on 15 November 1985 by Janos Berecz, a First Secretary of the MSZMP Central Committee, to the Communist Youth League KISZ]

[Text] I hope that the document entitled "What Is Our Task?" will stimulate many young people to join the debate. I hope so because by preparing for the congress --and later at the congress itself--and by becoming familiar with the views of a large fragment of young people, the representatives of youth can formulate the tasks of KISZ and can take a stand on the issues which affect young people.

In order for this document to serve its purpose, it must satisfy at least two requirements: (1) it must reflect the situation in which it was created, and (2) it must contain strategic goals and must outline perspectives. I think that from this latter viewpoint the polemical essay might be more audacious, more fearless.

KISZ must now apparently decide whether to make a forceful reply to the challenges of the situation or whether to accommodate itself to the circumstances. I believe we must move in both directions at the same time, and this is particularly important when the organization which rallies young people is drawing up its platform. If we merely accommodate ourselves to reality, the danger exists that we will become shortsighted and "soilbound," and it will be really difficult to find an answer to the question: what is our task? Yet no progress in itself is made if--making no allowance for the possibilities--we formulate only the goals and demands: this path leads, namely, into the world of daydreamers. True to its name, KISZ must be a youth league, i.e., a community full of faith and enthusiasm, and at the same time, a communist league, i.e., a social movement which mixes attractive goals with realism and resolve.

I admit that it is not now easy to satisfy these two requirements simultaneously. It is not easy because we are undergoing a change for which energy is needed, and we are working under conditions which slow us down. We have arrived at a new phase in the buildup of socialism, one which we often refer to as the intensive phase, but we can also express it less abstractly: science and production must come into the closest possible contact with each other during this period.

**Demands and Fulfillments**

We are in a difficult situation because the world economic crisis which has pretty much run its course placed us under pressure and our capabilities under the magnifying

glass. We held our own under such circumstances--this is shown by the preserved social stability--and indeed we were even strong enough to progress in quite a few areas. Hungarian agriculture has also advanced during the past 5 years; it managed to produce 15 million tons of grain. One or two sectors of industry made progress, and there were accomplishments in energy utilization as well. If we measure our output against requirements and demands, then we can state that we did not reach the level we would have liked to. Not all the indices of the sixth 5-year plan were positively realized, but our economy is able to function and develop, and social stability creates good conditions for our further advancement. The framework of socialist democracy expanded, and we have our program: together, the seventh 5-year program and the resolution of the 13th congress clearly indicate the directions of development for Hungarian society during the next period.

Where have we not progressed? We still do not meet the requirements for quality, neither in national production nor in labor-movement work nor in public life. We are unable to work at the level which is necessary under the modified circumstances, and we are still seeking an explanation for this. As a result, society's self-confidence is less uniform today. Some persons question whether they will have opportunities for growth in the next period and whether the planned upturn will take place. Encountered are growing doubts about whether we can maintain the living standard and whether we can improve the living conditions of the entire society. Will we manage, for example, to preserve the real value of low retirement pay, something which the seventh 5-year plan takes aim at? Our basic values are occasionally attacked by skeptics, mainly and eminently by young people and certain groups of intellectuals and therefore most flagrantly by university students, who are youths and intellectuals at the same time. Rising to the surface are viewpoints--this is no tragedy, but we must give it our attention--which impugn our political system, our socialist solutions, and the party's leading role. We must, of course, always practice self-examination. This follows from the party concept, but it can only be a highly responsible self-examination.

We must count on the fact that during this period everyone is more sensitive and more patient than before. The political leadership will also be more sensitive to viewpoints and, given the knowledge of its responsibility, it will ponder more carefully the measures it takes. This is natural, in our opinion, because power is a highly responsible job. For every new solution we must obtain society's unanimous backing, which is more difficult today than ever before. Earlier we thought it was possible to improve organizational frameworks and functional variants more radically and at a swifter pace, but today we decide on changes more cautiously and with regard for even more interest groups. People are making greater demands on the leadership: they insist that it reveal the situation honestly, speak openly about the likely impact of its decisions, and take a public stand on negative phenomena. The preservation of trust does not depend on the existence of harmful phenomena in the life of society but first and foremost on whether people feel that the leadership is determined to eliminate those phenomena.

People mention, for example, the enormous difference between state purchase prices and retail prices. This in itself does not undermine people's trust, but they want to see the concepts by which we intend to alter this situation in the long run.

The greatest and broadest interest is in how we can extricate ourselves from the current economic situation, which determines how the living standard will develop.

There are more than a few who seek and find an individual way out, abandoning hope in society's collective well-being. Typical manifestations of the search for an individual way out are: the pursuit of material goods to the detriment of others, the violation of society's ethical standards, the absence of inhibitions, an alienation from and disenchantment with politics, a fundamentally critical attitude toward everything, and general disbelief. We must state that insofar as large numbers of people choose an individual path to success and well-being and decline to participate in collective endeavors, this narrows down society's options in most instances and impairs the nation's strength. Our society is, as a result, essentially communal. We must therefore give priority to the attainment of collective goals, and individuals must share mainly in the blessings of collective growth.

From the current economic standpoint, there is a single genuine way out of the difficult situation, the one which we must choose: the continued buildup of socialism for the benefit and advantage of Hungarian society as a whole. For this, however, it is necessary to unearth, exploit, and activate additional sources of growth. The rate of growth depends primarily on us ourselves. Today we are no longer justified in holding international circumstances responsible for slow progress. We must rely on our own strength and on the division of labor among fraternal socialist countries, we must make better use of the opportunities available, and we must take our place on the world market.

Many young people can be heard to say: "We will do our share, just let us work." They are right, but we cannot assure them that this reasonable demand will meet with immediate understanding everywhere. Some adults have difficulty accepting the creative contributions of young people. It has become the focus of attention during the last half-decade, and before long our number one sociopolitical task will be youth's increasing participation in the buildup of socialism.

They were born into--and now live in--a socialist society, and yet they observe the processes as outsiders to some degree. The considerable impatience displayed by adults and youths toward one another during the nominating sessions for local and parliamentary elections gave me food for thought. The older of the two candidates was usually selected. Our explanation for this is that "the decision was made in favor of experience," but it is not certain that this was a good decision in every case.

#### Assumption of the Legacy

In my opinion, consequently, the nearly number one sociopolitical issue at present is the succession of generations. It will, of course, take place irrespective of us, but how much tension it is accompanied by will depend on us. What can young people do to assure a more tranquil succession of generations? For one thing, they can assume the legacy of their fathers and, for another, they can preserve the advantageous qualities and enthusiasm of youth, the independent physiognomy of youth.

The legacy they must assume is of an ideological and political nature. Its essence is the relationship to the liberation and the path which has been followed since then. The liberation in this country was not just an event their forebears experienced but also a political act they carried out. Now, on the 40th anniversary,



we have formulated for the first time with complete accuracy that the Soviet army performed its military mission of liberation. On the other hand, the historical process of liberation meant that social changes were made in this country and that we were freed from social oppression. Why is it necessary to emphasize this? Because it is our observation that some young people do not understand the significance of Hungarian-Soviet friendship and the relations between our countries. Hungarian-Soviet friendship and the fact of liberation are inseparable. For us--with respect to the realization of our appointed goals--the number one international political issue is the affirmation and cultivation of Hungarian-Soviet relations. Young people do not have the decisive experience of fraternal relations that we do, and they must therefore follow another emotional and intellectual path to wholehearted acceptance of this friendship. They must understand, of course, that history did not force this friendship upon us. Once I even said on the radio that I do not agree with the statement that Hungarian-Soviet friendship is based largely on the gratitude the Hungarian people feel for the liberation. This feeling of gratitude naturally exists, but as a basis for relations it would be inadequate. There has to be more than this, and there is, too: an historical past linked by many threads, common ideas, common interests, mutual understanding and trust.

The other thing which young people must acknowledge from their fathers' legacy is that what happened 40 years ago--and what has happened since then--was a revolution. Power did not pass into the hands of individuals between 1948 and 1949 through the schemes of some sort of narrow circle. This was a broad and politically conscious social revolution which was based on an enthusiastic mass movement and which brought about a momentous change in power and in society's class structure. Articles written nowadays about the smallholders are somewhat regretful: "How honest they were, and they were forced out of power." I do not call their honesty into question. Nor, for that matter, does history subsequently condemn them, but it is a fact that the Smallholders' Party and certain other parties wanted civilian democratic power, while we Hungarian communists, social democrats, and leftists wanted power based on socialist democracy and dictatorship of the proletariat. Afterwards we did assume power. Yet the lesson of history is that he who abuses power weakens socialism. And he who does not know how to make the best of the power allotted to him in a given historical moment and who thereby endangers the fate of the people, he incurs the people's condemnatory judgment even if a significant portion of his earlier career can be praised. Here I note parenthetically: on account of our Western and domestic enemies, we will probably be dealing more and more with the lessons of 1956 during the next few years. We have spoken little about these lessons in recent years because we wanted to clear away the waste, we wanted to heal the wounds, we wanted to eliminate from people's lives the suspicion, the mistrust, the constant feeling of political danger. Emigration and international reaction strove to utilize every opportunity against us, and that is why 20 years after the counterrevolution we maintain our standpoint more resolutely. Interest is picking up again, especially that of young people for whom the socialist transformation of agriculture is already history, to say nothing of the previous period. We would like to make it clear to all youths that what happened in October of 1956 was a struggle for power, an undisguised and armed counterrevolution against our system. And giving battle to it were the forces of revolution which strengthened the power of the working classes, not in opposition to the masses but together with them and for their benefit,



because the forces of revolution recognized the masses' will, demands, and legitimate reformatory aspirations with respect to the socialist system and fulfilled them. This formula cannot be changed.

### Youth With Distinctive Face

The legacy of their forebears means a third thing: what has been and is being built here is a socialist society which we are molding in our own way. It means compliance with the general demand that the principle of scientific socialism be used creatively under the national circumstances. It would be wrong for us to believe that we do this perfectly. He is mistaken who belittles the methods of neighboring socialist countries because those methods differ from ours. It was customary, particularly at the start of the 1970s, to view ourselves as smarter by virtue of the economic reform which we had introduced. Others moved in a different direction. A very wholesome process is now taking place in the Soviet Union with the CPSU leadership. It is possible that it will not be called a reform, and we should not seek in this process solutions similar to our own. The renewal takes place in a different situation under different conditions, but each socialist country and its leading party strive for the best realization of socialism. We have an international reputation not because we implement a formula suitable for others but because we consistently follow our own path and learn from the experiences of others. We must maintain this reputation. Perhaps we received as much recognition in the international climate of public opinion in 1848-49 as we do now, but today even our enemies are forced to respect us. Preservation of this reputation depends on two things: (1) our work here at home, our social stability, and (2) our international policy, our political conduct. We must strengthen trust with the first, and we must serve the process of international detente with the second, with the buildup of relations.

What does it mean that youth should preserve its distinctive face and thereby enrich the buildup of socialism in Hungary? I note that my older comrades would undoubtedly receive these notions with skepticism; but I nevertheless declare we must take cognizance of the fact that these Hungarian socialist youths have a distinctive physiognomy in some issues. They will master the tenets of Marxism-Leninism just as we did, but they will do it differently. We imbibed these tenets, and then we believed everything or we gave credence to everything--young people are much more critical. Modern youth accepts Marxist ideas with skepticism, but the teachers do not entirely understand that young people want to ascertain the truth for themselves. This is the more difficult path, but maybe it leads to a higher knowledge. Yet a way must be found for young people to insist on study and comprehension of the Marxist classics. Moreover, a creative relation to socialism's history must also form part of the independent ideological physiognomy of contemporary youth. The latter must become acquainted with and master the ideological lessons of the working class of the Hungarian Socialist Workers' Party. They must become thoroughly familiar with the lessons of the first 12 years of people's democracy, but let me add: if they undertake this path, they cannot divide it up, saying, "I like this part, that part I don't like, and so I do not accept it in its entirety," but they must do so in the knowledge that the entire history is ours, even if we do not pursue everything in it. That is why it must also be seen how the Hungarian Socialist Workers' Party has turned the lessons to good account, so that young people will know what still has to be done.

The second thing which must be characteristic of young people: they must learn about every learnable achievement of science. Many of us are no longer capable of this, and that is natural. Older people, if they see a "computer," think it is some kind of god. And how many places in Hungary have acquired a computer merely because "what will people say if this enterprise doesn't have one," but do not know what to do with it. Young people were not granted access to computers at the outset because some leaders were mistrustful: would not the economic survey slip out of their hands? Fortunately, this opposition is today a thing of the past.

We cannot progress unless the new generations accept and learn everything modern and useful which is known in the world. During a visit I paid to Japan we Hungarians were praised for our significant contribution to the development of fifth-generation computers. Few people know how much interest was displayed in Hungarian mathematical scholarship. It is true that they could avail themselves of a technical basis which we did not have. In view of this, one asks the question:

Could we not have made a better deal for our scientific achievements? If, let us say, they are being used anyway, then could we not obtain something for them? To learn, to investigate, and to undertake everything possible--this is the revolutionary task of Hungarian youth. In order for this to happen--and he who mentions it is right--young people must be able to travel and to build professional relationships. What does Raba of Győr do? It pays a salary to its university students and makes a study tour abroad compulsory, one with a concrete goal which it specifies as an assignment. This is an example to be followed. Bold initiatives must be taken in such matters. I venture to say that it does no harm in this area if KISZ launches a battle against conservatism. The conquest of science is an area in which young people can address a challenge to their surroundings! The third characteristic is that young people are more honest, more open, and more consistent in the use of democracy--though they are more inexperienced in connection with democracy. Arguing against the submitted document, I maintain that further development of democracy is not the primary requirement but rather fulfillment and utilization of the existing framework and then its further development. Why did we establish the enterprise councils? So that the worker--the owner--could begin to think like an owner and work in the leadership and in the factory. What happened instead of this in some managerial elections? Some keep quiet during the open debate, and some even praise the manager, and then they withdraw during the secret balloting. Democracy, however, is not just opportunity but also conduct, and the example demonstrates that this conduct is still not universal. Those who were born into the world of evolving democracy must consider these demands natural. Those who did not grow up in a democratic world find it harder to learn democratic behavior, but it is expected to be self-evident to young people. The reinforcement of democracy may be the major mission of Hungarian youth. This cannot mean, of course, playing with power, because we are sensitive to that, but it must mean the normal operation of democratic life and democratic institutions. I might add that even greater efforts will be necessary here than in the case of science.

#### The Traditional and the Modern

I would call attention to yet another matter which is often mentioned as characteristic of youth: young people do not tolerate stereotypes, they have a zest for innovation, and so forth. Here lurks the greatest danger. Innovation makes sense

if it rests on hitherto acknowledged interests and does not break with them at any price. The future rests on the past, and the past is further expanded with a content and in a manner corresponding to the new requirement. Continuity and innovation, the traditional and the modern, the realistic and the revolutionary are compatible in our society: this is the noteworthy experience of our generation.

I could formulate the mission of KISZ in four demands. First of all, let KISZ be the school for socialist democracy and for acquisition of the theory of scientific socialism. I am in the habit of saying that a person does not generally know how to act more democratically in society if he does not know how to be democratic in his own immediate institution. Secondly, let KISZ be the scene and leader of activity in social construction. Thirdly, let KISZ be the junior partner of our social institutions, and let there be no dispute about this. Finally, let KISZ be both the instructor of youth and the protector of its interests.

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POLITICS

HUNGARY

BISHOP INTERVIEWED ON CHRISTIAN-MARXIST DIALOGUE

Budapest MAGYAR HIRLAP SUPPLEMENT in Hungarian 1 Feb 86 p 5

[Interview with Dr Jozsef Cserhati, Pecs County Bishop and secretary of the Hungarian Catholic Episcopate, by Margit Foldes: "MAGYAR HIRLAP Interview with Pecs County Bishop Jozsef Czerhati on Dialogue"]

[Excerpts] Nowadays church life is displaying considerable activity. In accordance with the wishes of the pope, an Extraordinary Bishop's Synod was held in Rome on 20 November 1985. The task of this body of some 250 bishops, archbishops, cardinals, and experts was to review the period that has passed since the Second Vatican Council and the decisions made there.

First, I asked Dr Jozsef Cserhati about the decisions made at the Extraordinary Synod and on the way these decisions relate to the dialogue between Christians and Marxists.

[Cserhati] As is well-known, this synod was meant to analyze the results of possible shortcomings of the decisions made at the Second Vatican Council. The Synod ended with the clear analysis that the Vatican Council must be evaluated as positive and that the reform process started by it must be continued.

The most important result of the internal transformation is that the old Latin language was replaced by the national language in the liturgy and that local customs and traditions also got a place in religious rites. The other great aim of the Council was the desire of the church to develop relations with the other Christian denominations and the whole of mankind, that is, with the world as such. A Christian unity movement has started; there are many more common features that unite us than things that divide us. This gives us hope of eliminating the still existing differences. Opening up the church to the world, to today's modern man, to the problems of our time, to a mankind united along the lines of social transformations, and to the constructive and creative man constructing a new society was an act of historic importance. This understanding openness started the dialogue with the contemporary world in which the connecting link, that is, the equal value of human beings, can be found in any group, no matter what its ideology, on the basis of the pluralism of this era. The dialogue between Christians and Marxists is also part of this process. The dialogue between Christians and Marxists is both possible and necessary. This

is so in spite of the fact that there are irreconcilable ideological differences between Christianity and Marxism, and these can never be reduced to a common denominator since their theories of knowledge and views of what is essential start from completely different premises. Since the Second Vatican Council--and now the view is also confirmed by the Extraordinary Synod--the church all over the world has declared that it is possible to cooperate with atheists and Marxists. Therefore, Christians advocate and accept dialogue on principle. This dialogue has been given increased importance in recent years. In Hungary, the PPF urges us in its congress decisions to make the dialogue between believers and nonbelievers more intensive in order to solve our everyday political and social problems. In practice this means encounter, mutual understanding, and responsible cooperation. One of the most typical and most important goals of the common task is the development and strengthening of national unity. It is my conviction that what national unity as an idea, an ideal, and as a principled common national task requires is precisely collaboration between believers and nonbelievers.

Thus, in Hungary we are already at a point where both sides accept the justification and necessity of dialogue. It was not easy to get to this point of being able to place ourselves in a pluralistic position, that is, to accept that truth can have several sides. Thus, in addition to the different interpretations and emphases, we find in the current social views of Christianity and communism bases for justice and values that are acceptable to both sides because they express lasting values.

[Foldes] Can we talk about patriotism in a universal church which is above nations? If so, how is this manifested?

[Cserhati] In my view, the essence of the question is whether the church as an institution above nations, that is, a spiritual organization of universal influence, can promote patriotism, and if so, in what respect. I must again refer to the synod which declared that a legal system which ensures a practical distribution of authority and organs of public power and at the same time efficient and independent legal protection is necessary in order to make fruitful the responsible cooperation of citizens in the everyday life of the state. The church protects the individual and therefore it says that "the family and group rights of all individuals must be recognized, taken into consideration, and further developed, and all individuals must be assured of exercising their rights without forgetting, however, about every citizen's responsibilities. Among these obligations, one must mention the fact that everyone owes the state material and personal services that are required by the public welfare." Patriotism, therefore, is primarily the fulfillment of responsibility toward the citizens of the fatherland, and then everyone must promote the public welfare and the social, economic, and cultural system of values represented, in a favorable case, by the state.

The church professes that without adequate education, the citizens are unable to fulfill adequately their role in the life of the political community. Particular attention must be directed to the education of youth to enable it to take a stand against any kind of injustice and to give due weight to its ties to the community and the nation.

The church is aware of its responsibility for the Hungarian brothers living all over the world. We wish we could do more for them.

We ask them not to forget their being Hungarians and to promote brotherly love among themselves.

I know that the Hungarian Government is doing a lot for the cause of Hungarians living abroad, but I must sincerely say that what we are doing is not enough.

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CSO: 2500/199

POLITICS

POLAND

PZPR ACTIVITIES, MEETINGS REPORTED

Vietnam Theoretical Journal Editor Visits

Warsaw TRYBUNA LUDU in Polish 10 Dec 85 p 2

[Text] At the invitation of NOWE DROGI, from 27 November to 9 December, Nguyen Thien Nhan, a representative of the editorial staff of TAP CHI CONG SAN, the theoretical-political organ of the Vietnamese Communist Party CC, visited Poland. He conducted talks at the editorial offices of NOWE DROGI on the development of cooperation between the two periodicals in which Editor-in-chief Stanislaw Wronski participated.

The Vietnamese guest became familiar with the work of the party in meetings at the PZPR CC and at the Bydgoszcz and Konin provincial party institutions.

He gave a lecture on the history and current work of the Vietnamese Communist Party to students of the party school in Bydgoszcz.

The Vietnamese guest was received by Stanislaw Gabrielski, director of the PZPR CC Sociovocational Department, Stefan Zawodzinski, director of the PZPR CC Agriculture Department and Jan Bisztyga, deputy director of the PZPR CC Information Department. Vietnamese Socialist Republic Ambassador Nguyen Trong Thaut took part in the talks.

Ethiopian CC Party Official Visits

Warsaw ZYCIE WARSZAWY in Polish 12 Dec 85 p 2

[Text] Secretary of the Central Committee of the Ethiopian Workers Party Ashagre Yigletu, in Poland for a visit, conducted talks with Wlodzimierz Natorf, the director of the PZPR CC Foreign Department, and was received by Jozef Czyrek, Politburo member, CC secretary. The Ethiopian guest reported on the progress made in socioeconomic development and the steps embarked upon to battle the drought. He extended thanks on behalf of his authorities for the assistance granted by Poland during the most difficult period of the disaster that struck Ethiopia. At the conclusion of the visit, an agreement on interparty cooperation was signed. Jozef Czyrek signed the agreement on behalf of the PZPR CC and Ashagre Yigletu signed on behalf of the WPE CC.

GDR CC Member in Warsaw

Warsaw TRYBUNA LUDU in Polish 13 Dec 85 p 2

[Text] At the invitation of the PZPR CC, on 12 December CC member, Director of the SED CC Guenter Sieber visited Poland.

During talks held at the CC with Wlodzimierz Natorf, director of the Foreign Department, views were exchanged on the topic of the current problems of the international situation and on mutual relations, and a plan for party cooperation between the PZPR and the SED was developed for 1986-1987.

Guenter Sieber was received by Politburo member, CC Secretary Jozef Czyrek. GDR Ambassador Horst Neubauer was in attendance.

Results of Central Audit Commission Probe

Warsaw RZECZPOSPOLITA in Polish 13 Dec 85 p 2

[Text] On 12 December, a meeting of the Presidium of the PZPR Central Audit Commission was held in Warsaw for the purpose of familiarization with the results of checks conducted by party auditing organs in the second half of 1985.

A discussion of the results of checks made on the implementation of the resolution of the 18th PZPR CC Plenum held a year ago and on the execution of the decisions made by the PZPR CC Politburo in July 1984 on the economic education of society was of special importance. The currency of this subject matter is stressed in the upcoming 23d PZPR CC Plenum devoted, as is known, to a discussion of party tasks in implementing Poland's socioeconomic development during the coming year.

It was stated that in general, the implementation of the program tasks emanating from these documents is proceeding properly, although results vary in the particular provinces. It was stressed that a farreaching and comprehensive program of economic education requires the commitment of all sociopolitical, economic and administrative forces.

On the basis of the results of the checks, the presidium pointed to the need to include all enterprise employees in the economic education program. This should be fostered by the joint action of management, the party organization, the employee council, the trade union and plant scientific-technical, social and youth circles.

As reports on the results of checks of the implementation of the 18th PZPR CC Plenum Resolution were heard, it was stressed that it has created a good opportunity for the formation of proper party-political methods for impacting economic processes. Alongside the generally positive assessment given to the work of most of the organizations studied, it was stressed that there exists the need to bring up the level of the party work front in first-level echelons and plant organizations. This will be fostered by the attainment of further progress.



The presidium likewise became familiar with materials from checks on the cooperation of committees and their organs with primary party organizations and with the preliminary assessments of the implementation of selected tasks emanating from the 20th PZPR CC Plenum Resolution obtained during these checks.

Next an assessment was made of the results of CKR group checks on selected problems in the field of the work of party echelons and organizations in the PRL Armed Forces.

The CKR Presidium also familiarized itself with the results of checks on the implementation of the guidelines of the PZPR CC Secretariat regarding the work of party organizations abroad and assessed the results of checks of paper management in selected "Prasa-Ksiazka-Ruch" Worker's Cooperative Publishing House units. The post-check materials confirmed by the CKR Presidium will be submitted to the party leadership.

The deliberations were conducted by PZPR CKR Chairman Kazimierz Morawski.

#### Chiefs Meet Polytechnic Administrators

Warsaw ZYCIE WARSZAWY in Polish 17 Dec 85 p 2

[Text] On 16 Ddcember, the political-administrative authorities of the Warsaw-City Province, led by PZPR KW First Secretary Janusz Kubasiewicz and Division General Mieczyslaw Debicki, mayor, met with the rector's council of Warsaw Polytechnic and the PZPR KZ Executive Board of this institution.

Problems were discussed related to the operation of PW, equipping it with modern scientific equipment, the technical condition of buildings and social issues of the cadre and students. The need was stressed for greater participation of the polytechnical school's academic cadre in solving the critical economic and social problems of the Warsaw-City Province. Issues of party work in the institution also were discussed.

#### Ideological Aktivs Seminar

Warsaw TRYBUNA LUDU in Polish 19 Dec 85 p 5

[Article by: LW]

[Text] Yesterday, about 100 teachers, lecturers, members of the Warsaw and district PZPR ideological commissions and employees of the party apparatus took part in a seminar organized at the Warsaw Center for Ideological Indoctrination. It was led by WOKI Director Zbigniew Olesinski. Those in attendance heard addresses given by Prof Dr Hab Bohdan Hillebrand, on the origins and the ideological-political conception of the PPR on the 40th anniversary of the first congress of this party, by Doc Dr Hab Wladyslaw Wazniewski on the experiences of the PZPR in the socialist system and by Prof Dr Hab Kazimierz Doktor on the major assumptions of and work on the draft of the PZPR Future Program prepared at the 10th Party Congress.

The discussion was closed by Marian Kuszewski, member of the Warsaw Committee Executive Board, chairman of the PZPR Warsaw Ideological Commission.

#### Culture Department on Museum Issues

Warsaw TRYBUNA LUDU in Polish 20 Dec 85 p 2

[Text] On 19 December, at the PZPR CC Culture Department, a meeting of the All-Polish Party Team for Museum Management and Monument Protection Affairs was held under the chairmanship of Janusz Janczewski. A discussion was held on the analytical materials prepared by the team members concerning the current state, the operation and the conditions for the development of museum management in Poland and questions of the protection and preservation of monuments.

The broad social consultation in the museum management and monument preservation communities that accompanied the preparation of these materials represents ongoing program work in these fields implemented through the cooperation of the communities with the PZPR CC Culture Department. These materials will be submitted at the next meeting of the PZPR CC Culture Commission and they will serve in the preparation of a report on museum management and the protection of cultural values.

Deputy Director of the PZPR CC Culture Department Grzegorz Sokolowski took part in the meeting.

#### Wozniak Meets Bloc Press on 23d Plenum

Warsaw TRYBUNA LUDU in Polish 24-26 Dec 85 p 2

[Text] The major socioeconomic problems of the 23d PZPR CC Plenum were the subject of a meeting between Politburo member, PZPR CC Secretary Marian Wozniak and accredited (by Poland) correspondents of the press, radio and television from socialist states. Likewise the press attaches of the embassies of these states took part in the meeting that was held on 23 December. Director of the PZPR CC Economic Department Marek Holdakowski also responded to questions.

The meeting was conducted by Stanislaw Glen, deputy director of the PZPR CC Press, Radio and Television Department.

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POLITICS

POLAND

# STATISTICS ON VOCATIONS TO PRIESTHOOD

Krakow TYGODNIK POWSZECHNY in Polish No 2, 12 Jan 86 p 7

[Text] (Figures are from 20 October 1985. The first number in parentheses refers to diocesan clergy, the second to clergy in religious orders.)

|   |                | (C) Nowo wyświęceni kapłani            |                 |
|---|----------------|--|-----------------|
|   |                | 1979 — 589                             | (407, 182)      |
|   |                | 1980 — 632                             | (470, 162)      |
|   |                | 1981 — 688                             | (482, 206)      |
|   |                | 1982 — 775                             | (571, 204)      |
|   |                | 1983 — 731                             | (515, 216)      |
|   |                | 1984 — 822                             | (599, 223)      |
|   |                | 1985 — 964                             | (683, 281)      |
| (A) Powołania kapłańskie w latach 1979—1985 |                | (D) Zmarli kapłani                     |                 |
| 1979 — 5.845                                | (4.179, 1.666) | 1979 — 283                             | (214, 69)       |
| 1980 — 6.285                                | (4.449, 1.836) | 1980 — 347                             | (285, 62)       |
| 1981 — 6.714                                | (4.727, 1.987) | 1981 — 347                             | (265, 82)       |
| 1982 — 7.225                                | (5.018, 2.207) | 1982 — 346                             | (270, 76)       |
| 1983 — 7.681                                | (5.207, 2.474) | 1983 — 318                             | (252, 66)       |
| 1984 — 8.130                                | (5.365, 2.765) | 1984 — 379                             | (299, 80)       |
| 1985 — 8.464                                | (5.563, 2.901) |  |                 |
| (B) Pierwszy kurs seminarzystów             |                | (E) Liczba kapłanów w latach 1979—1985 |                 |
| 1979 — 1.517                                | (1.081, 436)   | 1979 — 20.198                          | (15.305, 4.893) |
| 1980 — 1.530                                | (1.060, 470)   | 1980 — 20.234                          | (15.486, 4.748) |
| 1981 — 1.571                                | (1.105, 466)   | 1981 — 20.676                          | (15.626, 5.050) |
| 1982 — 1.755                                | (1.210, 545)   | 1982 — 21.059                          | (15.942, 5.117) |
| 1983 — 1.631                                | (1.054, 577)   | 1983 — 21.643                          | (16.200, 5.443) |
| 1984 — 1.712                                | (1.102, 610)   | 1984 — 21.925                          | (16.463, 5.462) |
| 1985 — 1.854                                | (1.190, 664)   | 1985 — 22.381                          | (16.931, 5.450) |

## Key:

- A. Vocations to the priesthood in 1979-85
- B. First-year seminarians
- C. Newly-ordained priests
- D. Deceased priests
- E. Numbers of priests in 1979-85

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POLITICS

POLAND

BRIEFS

CSSR COOPERATION PROBLEMS--Vice Premier Zbigniew Messner met with the Czechoslovak ambassador Jiri Divis on 22 January 1986. They discussed problems associated with economic and scientific-technical cooperation between the two countries. [Text] [Warsaw TRYBUNA LUDU in Polish 23 Jan 86 p 2]/12766

PZPR POLICY AT MILITARY ACADEMY--Problems related to PZPR personnel policy formed the topic of a meeting held on 22 January 1986 between the director of the PZPR Central Committee Personnel Policy Department and members of the research and teaching staff of the F. Dzierzynski Military Political Academy. [Text] [Warsaw TRYBUNA LUDU in Polish 23 Jan 86 p 2]/12766

BLOC YOUTH GROUP COOPERATION--On 22 January 1986 at the main offices of the National People's University of the Union of Polish Socialist Youth [ZSMP] in Rozalin a meeting was held between Jerzy Szmajdzinski, chairman of the ZSMP National Board, members of the union's national leadership, and secretaries from the embassies of the socialist countries. They discussed ways in which the youth organizations of the socialist countries could cooperate with each other in the process of promoting a further relaxation of international tensions. [Text] [Warsaw TRYBUNA LUDU in Polish 23 Jan 86 p 2]/12766

PRESS COOPERATION WITH AUSTRIA--Kurt Skalnik, chairman of the "Concordia" Press Club of Austrian Journalists and press spokesman for the president of the Austrian Republic, one of Vienna's most prominent journalists, held talks with the chairman of the Polish Journalists Association, Klemens Krzyzagorski, and met with members of the Polish Foreign Affairs Journalism Club. He also paid a visit to government press spokesman, Jerzy Urban. [Text] [Warsaw TRYBUNA LUDU in Polish 23 Jan 86 p 2]/12766

FINANCE POLICY MEETING--The Research Council of the Finance Council met on 22 January 1986 to review matters pertaining to the implementation of government financial policies during 1986. The issue of fiscal equilibrium is a key problem which will continue to be at the center of everyone's attention. The council took a special interest in the financial mechanisms which have an impact on economic management efficiency, the elimination of the government's budget deficit, and the balancing of supply and demand in the marketplace. [Text] [Warsaw TRYBUNA LUDU in Polish 23 Jan 86 p 2]/12766

YOUTH ADVISERS FOR PLANNING COMMISSION--The work to be done by the Youth Advisory Team reporting to the chairman of the Planning Commission under the

Council of Ministers will help to give young people a larger say in the policy-making process affecting the country's social and economic development. Yesterday, on 22 January 1986, the team held its first meeting in Warsaw. In the course of calling the first meeting to order Manfred Gorywoda, chairman of the Planning Commission, stressed that planning work on the future development of the economy is proceeding against a backdrop of complex factors and conditions. [Text] [Warsaw ZYCIE WARSZAWY in Polish 23 Jan 86 p 2]/12766

JEWISH CEMETERY RECONSTRUCTION--On 23 January 1986 Kazimierz Barcikowski, deputy chairman of the Council of State, met in the Belweder Palace with Sigmund Nissenbaum, president of the Nissenbaum Family Foundation. This foundation, which was formed in mid-1985, has set itself the goal of reconstructing the Brodno Jewish Cemetery in Warsaw as well as certain other Jewish cemeteries in Poland. Adam Lopatka, director of the Office of Religious Affairs, also took part in the meeting. [Text] [Warsaw TRYBUNA LUDU in Polish 24 Jan 86 p 2]/12766

FILMMAKING LAW DRAFTED--On 23 January 1986 Vice Premier Zbigniew Gertych gave a lunch for the following representatives of the filmmaking industry: Jerzy Kawalerowicz, Tadeusz Chmielewski, and Mieczyslaw Waskowski. The draft version of the Law on Cinematography was discussed. The meeting was attended by the director of the PZPR CC Cultural Affairs Department, Witold Nawrocki, and the Vice Minister of Culture and Art, Jerzy Bajdor. [Text] [Warsaw TRYBUNA LUDU in Polish 24 Jan 86 p 2]/12766

COOPERATION WITH CSSR--In conformity with the provisions of the Protocol on the Coordination of the Social and Economic Plans of Poland and the CSSR for 1986-1990 the first deputy chairman of the Planning Commission and the deputy chairman of the CSSR Planning Commission, Viteslav Vinklerek signed a program in Warsaw on 23 January 1986 calling for the cooperation of the national planning agencies of Poland and the CSSR in the streamlining of social and economic planning techniques and making improvements in the systems governing the economic performance of the two countries. V. Vinklerek was received by Manfred Gorywoda, chairman of the Planning Commission under the Council of Ministers. [Text] [Warsaw TRYBUNA LUDU in Polish 24 Jan 86 p 2]/12766

TRAINING FOR FACTORY PZPR LEADERS--On 23 January 1986 a 2-day seminar for the first secretaries of the PZPR factory committees from the country's 208 largest industrial plants and the economic affairs secretaries of the PZPR provincial committees got under way at the PZPR CC Party Training Center in Warsaw. This training is being offered as one of the elements in the program dedicated to the fulfillment of the resolutions passed by the 23d Plenum of the CC and the Politburo concerning the mounting of a stepped up effort to manage resources more efficiently and combat waste. Representatives of senior management in the Ministry of Materials and Fuels Management participated in the first day's session. Minister Jerzy Wozniak gave a presentation on critical problems affecting the management of raw materials, fabricating materials, and fuels during the current 5-year plan. [Text] [Warsaw ZYCIE WARSZAWY in Polish 24 Jan 86 p 2]/12766

HEAVY INDUSTRY COOPERATION WITH USSR--On 23 January 1986 matters related to economic and scientific and technical cooperation between Poland and the USSR

in the most important branches of the iron and steel and electrical engineering industries were discussed at a meeting between the minister of metallurgy and the machine building industry, Janusz Maciejewicz, and a group of Soviet press, radio, and TV correspondents accredited in Poland. [Text] [Warsaw ZYCIE WARSZAWY in Polish 24 Jan 86 p 2]/12766

CATHOLIC ROLE IN BUILDING SOCIALISM--"Can Catholics play a role in the building of socialism?" Participants in the latest Nationwide Forum of the Younger Generation working under the auspices of the PRON National Council tried to deal with this question on 20 January 1986. The participants invited to take part in the discussion by the young people were as follows: Jan Dobraczynski--chairman of the PRON National Council, Zenon Komender--chairman of the PAX Association, Jerzy Ozdowski--vice marshal of the Sejm, Kazimierz Kakol--director of the National Commission for the Investigation of Nazi Crimes in Poland under the National Memorial Institute, and Adam Lopatka--director of the Office of Religious Affairs. [Text] [Warsaw TRYBUNA LUDU in Polish 21 Jan 86 p 5]/12766

CSO: 2600/242

3 March 1986

POLITICS

YUGOSLAVIA

## WESTERN REPORT NOTES SLOVENIAN DISSATISFACTION

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Feb 86 p 12

/Article by Viktor Meier, datelined "Ljubljana, February"/

/Excerpts/ All Slovenia is complaining at present about the negative results of the new Yugoslav foreign exchange laws for this westernmost republic which accounts for 17 percent of the total product and 25 percent of the hard currency exports and for only 9 percent of the population. The new laws, they say here, amount to a "plundering raid" on the two more developed republics, Slovenia and Croatia. If a foreign observer then asks why Slovenia...did not veto these laws...at the federal level..., he gets four different answers: first, the political leadership in Slovenia is weak at present and lacks strong personalities; second, it is a question of common interests which still bind the bureaucracies of all republics; /third, some speak of the "sacrifices" members must make in a federal state; and finally, one hears about "the constant pressure" and "threats," allegedly even so far as military interventions, to which Slovenia is subject and against which it cannot constantly defend itself.

In any case, dissatisfaction prevails, as well as unity over the fact that the new laws will not stimulate Slovenian enterprises to export to the West; nor to import, which will affect plant renewal.

Like all other Yugoslavs, the Slovenians have gotten accustomed to searching in every new law for possible loopholes; but one must first wait for the implementing conditions /regulations/ in order to do this. "Cooperations" of all kinds for which foreign exchange could somehow be adjusted or postponed could represent possible loopholes.

Also, the border trade with Italy or expanded trade fair quotas with Austria offer possibilities because these involve barter deals. Slovenia would be very grateful if Bavarian Premier Strauss, who is supposed to come to Slovenia soon, could facilitate as many barter deals as possible with Bavaria.

Originally, the Slovenes and Croatians had a counterproposal to the foreign exchange law drafted in the federal parliament. Now one hears in Ljubljana that it was a bad mistake to have withdrawn this. But a new foreign exchange law is needed because the Yugoslav Constitutional Court has declared the parallel dinar and foreign-exchange accounts in enterprises unconstitutional



and because the IMF has repeatedly insisted that Yugoslav accounts be in dinars only. Whoever now needs foreign exchange to import must ask for it...through a laborious bureaucracy, on the basis of 16 different preference groups. Only private citizens, not enterprises, can have foreign exchange accounts.

Specialists in Ljubljana say that all of Yugoslavia will finally bear the damaging results of the new ruling. There is a certain animosity toward Croatia which allegedly gave in prematurely. The result, it is said, will be that Yugoslav enterprises will now try to sell more on the domestic market where prices are higher or to clearing-account countries.

Perhaps the new laws...would not have acquired such symbolic value, politically, and have led to a sense of resignation in Slovenia if they had not coincided with other elements. One is the slow recognition of the fact that there is no way out of the Yugoslav economic crisis under the present system. The word "Europe" is strongly evident in Slovenia. There is great fear that as a result of the crisis Slovenia will be cut off from the rest of Europe, of which it feels a part. Dissatisfaction prevails over the way the federal organs handled such things as the "Eureka" project. Slovenians are also sensitive to everything that could create conflicts with Western partner countries. For example, Slovenians, including many in political circles, do not have much respect for Yugoslavia's support of the Palestinians, and one would have preferred that the exchange of words between Yugoslav Foreign Minister Dizdarevic and Secretary of State Shultz had not taken place; Slovenian television, incidentally, was the only one in Yugoslavia to show the incident.

The presence of so many emigrant workers irritates many Slovenians but...one must admit that some of them are learning Slovenian with great eagerness and are trying to adjust. Slovenia has also been able to stop a further decline in the cost of living and even to increase real salaries again last year. There are, nevertheless, Slovenians who say these salary increases are a kind of "spiteful reaction" and not always justified. "Better that we give the money to our people than send it to Kosovo."

Politically, the dissatisfaction and resignation slowly turns into the question of the system, here as in other parts of Yugoslavia. Also the leading economic scientists of the republic appear to have come to the conclusion that the ultimate causes of the crisis lie in the political sphere and that there is little sense any more in searching for purely economic solutions. To be sure, there is more and more nervousness in this sphere but not the slightest will to make any serious changes or compromises. The recent LCY CC plenum discussed whether a unified tax-free basic salary should be introduced throughout Yugoslavia, a ruling which, if enacted, would again place the Slovenians at a disadvantage because their earnings are generally higher and would be thereby more heavily taxed.

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CSO: 2300/193

POLITICS

YUGOSLAVIA

BRIEFS

'HOSTILE' PETITIONERS--In a report of the Pec LC Opstina Conference distributed to the press on 24 January it was said that in the last few days hostile notices based on the position of Serbian and Montenegrin nationalism have been noted in certain areas of this opstina, especially in the villages of Gorazdevac and Belo Polje where a number of Serbian citizens have tried to support the Kosovo Polje petition which was denounced at LC forums. The report said that in Gorazdevac a certain number of signatures were collected from citizens there by Nedeljko Bukumiric under instructions of Milan Marjanovic. Both are workers in the "Ramiz Sadiku" auto parts plant in Pec, and Marjanovic was earlier dismissed from the LC because of a conflict with the policy of the avant-garde of the working class. At last night's meeting /of the LC/ in Gorazdevac Bukumiric's action was most strongly condemned by the citizens of this village and Bukumiric apologized. The same attempt was made in Belo Polje where Milos Cirkovic, a worker in the State Lumber Enterprise, Milija Miric, a student, and Slavomir Pavlovic, an unemployed worker, tried to collect signatures with the purpose of supporting the Kosovo Polje petition. The Pec Opstina /LC/ Committee judged the action of these people as hostile action of individuals and groups aimed at disturbing the political-security situation and threatening the brotherhood and unity of our peoples and nationalities. /Excerpt/ /Prsitina JEDINSTVO in Serbo-Croatian 25 Jan 86 p 2/ 12228

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SCIENCE AND TECHNOLOGY

HUNGARY

## SPECIALISTS PRESENT OVERVIEW OF R&D PLAN UNDER SEVENTH 5-YEAR PLAN

### Editor's Foreword

Budapest MAGYAR TUDOMANY in Hungarian No 11, 1985 p 837

[Text] As we very well know, long- and medium-range plans are prepared also for the R&D sector, parallel with the schedule of national economic planning. In the area of long-range planning, the Council of Ministers approved in February 1985, as a working paper, the document entitled "Long-Range Trends in Scientific Research" that the Science Policy Committee had adopted earlier. Although entirely different in its nature and content, this working paper is the successor of the National Long-Range Scientific Research Plan (OTTKT) that covered the 1971-1985 period.

In medium-range planning, a new National Medium-Range R&D Plan (OKKFT) is being drafted. The chairman of the OMF [National Technological Development Commission] and the secretary of the TPB [Science Policy Committee] are directing and coordinating the drafting of this plan. The work on it is concentrated in 1985. Although a final, approved plan is not available as yet (the Council of Ministers is scheduled to consider the draft in November), it appears timely and expedient to provide already now preliminary information about the plan's main features and the Academy research stations' participation in the plan's programs. (Footnote) (Due to space limitations, we are unable to dwell on all the important topics and policy guidelines contained in the document. Instead, we must necessarily employ the principle of reviewing and abstracting.) This is warranted also by the fact that the new OKKFT will play a basic role in domestic research and development during the plan period that begins as of 1 January 1986, because the OKKFT assigns a substantial proportion of our R&D capacity to the priorities of economic development.

### R&D Plan's Main Features

Budapest MAGYAR TUDOMANY in Hungarian No 11, 1985 pp 837-841

[Article by Professor Sandor Sperlagh of Lorand Eotvos University, head of a main department within the Hungarian Academy of Sciences Central Office]

[Text] Basic Principles

Analysis of the international developmental trends reveals that the efforts at technological modernization in the developed countries are concentrated mainly in three directions:

- Efficient use of materials and energy;
- Widespread use of electronics applications, development of microelectronic technologies; and
- Design and application of biotechnologies.

These trends serve as a guide also for the efforts to organize the domestic economy, and the majority of the programs included in the OKKFT serve--in combination with the central programs of economic development--the realization of these priorities under the 7th Five-Year Plan

The new OKKFT consists of two chapters. The first chapter sums up the most important R&D policy objectives and tasks during the plan period. The second chapter describes in detail the programs of the OKKFT, and the policy guidelines for directing, controlling and financing the programs' implementation, and it also reviews the resources that are to be made available for the programs.

Naturally, the experience of planning and implementing the OKKFT for the 6th Five-Year Plan has been utilized in preparing the new plan; the system of financing is more simple, and administration of the programs will be more flexible. The number of programs has been reduced considerably (from 20 programs under the 6th Five-Year Plan, to 14 under the 7th). And the structure of the individual groups of programs has changed.

The following have served as the basis for the plan's elaboration: "Long-Range Trends in Scientific Research"; "Policy Guidelines for the Research Network's Long-Range Development"; the partial concepts of economic policy entitled "The Principal Directions in Scientific Research" and "The Concept of Technical Development Policy"; the block-of-industries concepts of developing industry, the construction industry, and agriculture and the food industry; the ongoing or planned central programs of economic development; and the policy guidelines of the CEMA member nations' 15-year complex programs of scientific and technical development.

Among the objectives and principles of science policy, the OKKFT discusses the development of the R&D sector's system of institutions. It formulates as a requirement the research institutes' wider participation in the training of postgraduate and graduate students. The autonomy of the research institutes must be broadened, and control of the work being done in the institutions must be made meaningful.

The document discusses under a separate item the improvement of the research infrastructure, which has deteriorated as a result of the belt-tightening in recent years. It emphasizes the need to modernize the stock of instruments, and to gradually build a data network that will link together the research stations.

Among the human factors of research and development, the OKKFT discusses the measures intended to improve the quality of research, the increased financial support and higher remuneration of the scientific fields and researchers whose performances are outstanding, and the application of the performance principle to research and development.

In the area of international relations, a more fruitful scholarship policy must be pursued, the conditions of the researchers' international mobility must be improved, and efforts must be made to make the transfers of advanced technologies more effective.

The programs of the OKKFT under the 7th Five-Year Plan will require about 18 or 19 billion forints of central resources. Centralized technical development resources will foreseeably provide approximately 14 or 15 billion forints of this amount; and the state budget, about 4.0 billion forints. In spending the central resources, preference will have to be given to the procurement of modern machinery and equipment, as prerequisites for efficient research. The total financial impact of the OKKFT will be about 37 or 38 billion forints, which presupposes a sharp rise also in enterprise resources, over and above the already mentioned central resources. Naturally, the enterprises' expenditures on technical development will rise only if the general expectations regarding the acceleration of economic growth will have been met. Therefore these expenditures (about 19 billion forints) can at best be only forecast, but not planned.

The establishment of a National Scientific Research Fund (OTKA), with 3.8 to 4.0 billion forints of central resources to be administered by the secretary general of the MTA [Hungarian Academy of Sciences], may be regarded as a very significant step. The fund will be used to support high-level basic research --primarily at Academy research stations and universities--with grants awarded by competition. The rules according to which the fund will operate are now being drafted, and the first competition--for the 1986-1988 period--is expected to be announced still this year. In addition to the National Scientific Research Fund, central agencies may set up their own research funds to finance their own programs and preferential projects, to provide research grants and to hold special competitions.

#### Programs

The OKKFT programs form three clearly distinguishable groups.

The programs in the first group bear the prefix "G" [Economic] and are intended to directly promote the realization of the plan period's most important economic objectives. These programs are as follows:

- The computer technology, telecommunications and automation R&D tasks for the widespread use of electronics applications (G-1);
- Efficient use of materials, scrap utilization, and modernization of the related technologies (G-2);
- Research and development of biotechnological processes, and their application in industry and agriculture (G-3);
- The more important R&D tasks in conjunction with the management of energy resources (G-4);
- Research and development of electronic components and subassemblies (G-5);

- The R&D tasks of electronic devices, and of their production, for industrial automation and precision engineering (G-6);
- The R&D tasks in conjunction with developing the production of pharmaceuticals, plant protectants, chemical intermediaries, and hemotherapeutic and diagnostic preparations (G-7);
- The more important R&D tasks to increase food production and to make it internationally more competitive (G-8);
- The more important R&D tasks to substantiate the economically efficient improvement of soil fertility and increase of primary biomass production (G-9).

Of the nine R&D programs that directly serve economic objectives, five are linked to central programs of economic development or government programs that are already in progress, and two are paving the way for the launching of such programs.

The OKKFT programs in the plan period just ending did not include any separate basic-research program, because it was possible to fit basic research into the National Long-Range Scientific Research Plan. Now that this plan has ceased as a "priority step," it has become necessary to include in the new OKKFT also basic research that supports the medium-range economic objectives. Thus the one program in the second group, bearing the prefix Tt [Natural Sciences], is intended to solve the most important basic-research tasks in biology.

Finally, the third group comprises the social-sciences programs of the OKKFT. Bearing the prefix Ts [Social Sciences], these programs are as follows:

- Research that serves to theoretically substantiate our economic policy and to perfect our economic management (Ts-1);
- Scientific research of the state's organization, the political structure, and the operation of the system of (national, regional and local) institutions (Ts-2);
- The scientific substantiation of social policy, and research of society's structural and consciousness processes (Ts-3);
- Research that serves to augment our cultural values, and to develop the cultural processes and the system of institutions for education and training (Ts-4).

In addition to the preceding programs, research will be launched also into youth policy.

Because the development of the social sciences, and the fullest possible cognition and conscious, goal-oriented development of the objective laws, motivations and forms of motion of the economy and society are one of the prerequisites for the success of our efforts to build society and the economy, very important interests are attached to supporting and coordinating the research in

this field. Incidentally, due to the comprehensive nature of programs Ts-1, Ts-2 and Ts-3, they are correlated in terms of their content with practically every central program of economic development now in effect, and this substantive correlation can be interpreted also directly.

To a certain extent the OKKFT may be regarded as an open-ended document. In part because the ministries and other central agencies may propose, in accordance with the changes in the requirements of economic development during the plan period, the launching of new OKKFT programs that the Science Policy Committee will either approve or reject. (A proposal for a new OKKFT program must meet specific criteria.) And in part because all OKKFT programs will be subject to review after the second year of the plan period (1987), and their possible modification, regrouping or discontinuation will have to be decided on the basis of the gained experience and the progress in the programs' implementation.

In this context it will be appropriate to mention that in the course of the preliminary work on the OKKFT, and subsequently when the central agencies were reconciling their views, the OKTH [National Office of Environmental Protection and Conservation], the Hungarian Academy of Sciences, the EVM [Ministry of Construction and Urban Development] and the PM [Ministry of Finance] proposed that also research into environmental protection and conservation be included, as a separate program, among the programs of the OKKFT. Because of the set of economic conditions, this could not be done at present. However, it will be possible to place this proposal on the agenda later, and meanwhile some preliminary work on it is continuing.

#### Administration, Financing

It will be interesting to compare the number of OKKFT programs administered by individual central agencies under the 6th and the 7th Five-Year Plans:

| Administering central agency                                 | Number of OKKFT programs |               |                    |               |
|--|--------------------------|---------------|--------------------|---------------|
|  | 6th Five-Year Plan       |               | 7th Five-Year Plan |               |
|  | Responsibility           |               | Responsibility     |               |
|  | <u>Sole</u>              | <u>Shared</u> | <u>Sole</u>        | <u>Shared</u> |
| Ministry of Industry   | 6                        | 3             | 3                  | 1             |
| Min. of Agriculture & Food Industry                          | 2                        | -             | 2                  | -             |
| Ministry of Health   | -                        | 1             | -                  | 1             |
| Min. of Construction & Urban Development                     | 1                        | -             | -                  | -             |
| Ministry of Culture and Education                            | 1                        | -             | 1                  | -             |
| National Technological Development Commission                | 2                        | -             | 3                  | -             |
| National Office of Environmental Protection and Conservation | 1                        | -             | -                  | -             |
| Central Statistical Office                                   | -                        | 1             | -                  | -             |
| Hungarian Academy of Sciences                                | 2                        | 2             | 2                  | -             |
| National Atomic Energy Committee                             | -                        | 1             | -                  | -             |
| Interministerial Computer Technology Committee               | -                        | 1             | -                  | -             |
| Social Sciences Institute of the MSZMP Central Committee     | -                        | -             | 2                  | -             |



The secretary general of the Hungarian Academy of Sciences will directly oversee the implementation of the (Tt) program of basic research in biology, and of the Ts-1 research program that is concerned with economic-policy and management topics and will be described in detail below. Over and above to this, however, the research stations under the supervision of the Hungarian Academy of Sciences will essentially be participating actively, to varying extent, in all the G-prefixed programs (except G-8) and the social-science programs.

The purpose of the changes in the administration and financing of the OKKFT programs, as compared with plan period just ending, is to make administration and management more effective and flexible, by reducing the number of levels of administration and management, simplifying the system, coordinating accountability and decision-making authority, and giving program administration and management more autonomy.

The programs will be administered and managed at two levels:

- a. At the level of the ministries and other central agencies, supervision of a program will be the responsibility of the program administrator designated by the Council of Ministers;
- b. At the enterprise or institute level, the program manager appointed by the program administrator will organize and direct the program's practical implementation.

A new feature of the system of administration and management is that the program administrator may choose the most suitable form of establishing various permanent or temporary bodies (program council, scientific council, panel of advisers, etc.) to support program-related activity, but he may also dispense with establishing any. At the same time, the establishment of some ad hoc organization (for example, a program office) to handle the day to day tasks will be optional.

The new OKKFT places increased emphasis on coordination between the individual programs. This is warranted by the fact that the individual programs are interlinked in terms of their content and topics. For example, harmony between programs G-3 and Tt, G-3 and G-8, G-8 and G-9, G-2 and G-4, and among G-1, G-5 and G-6 must be ensured through interministry coordination. The program administrator's panel of advisers might be an expedient forum for such coordination.

The provision granting the program administrator complete and direct authority to spend the appropriated central resources (the centralized technical development fund, and the budgetary resources) will make financing more simple and perspicuous. Accordingly, pursuant to the pertinent resolution of the Council of Ministers, the central resources will be transferred to a separate account for each program, and the work commissioned by the state will be paid from the account.

Finally, the wide-scale application of the system of inviting tenders for the programs' subprograms and partial tasks will make their realization more cost-effective. Competition will play a dominant role also in the operation of the



National Scientific Research Fund. It should be emphasized, however, that invitations to tender and competitions for grants cannot be autotelic, exclusive forms of spending the resources earmarked for research and development. Instead, the application of these forms should be chosen with due consideration for the given task, scientific field, and institutional structure.

#### Basic Research in Biology

Budapest MAGYAR TUDOMANY in Hungarian No 11, 1985 pp 842-846

[Article by Mrs Janusz Banczerowski, candidate of biological sciences, chief adviser of the Hungarian Academy of Sciences Central Office]

[Text] The purpose of the National Medium-Range R&D Plan's program of basic research in biology is the selective and concentrated development of molecular biology, neurobiology and ecology. The molecular biology research planned under this program will help to gain the knowledge indispensable to developing the biotechnologies of the future. The preferentially researched fields within neurobiology will lay the foundation for modern mental hygiene and for the development of new drugs affecting the nervous system. By exploring natural communities, the ecological research will provide the scientific basis for protecting man's healthy living environment, and for the environmentally safe production of organic matter.

It is already evident in clear outlines that, within 5 to 10 years, some of the scientific problems now being investigated at the level of basic research may become processes serving industry, agriculture, medicine and veterinary medicine, environmental protection, respectively the economy. The results of basic research in biology could boost innovation especially in those areas within the economy that have attained a traditionally high level and are playing an important role in our export, such as agriculture, the food industry or the pharmaceutical industry; and within society, in such areas of fundamental importance as health care or environmental protection. The program relies on the traditions and results of biological research in Hungary, and on the brainpower and laboratory network that have evolved. Our results in some fields are outstanding or in the forefront even by international standards. A by no means negligible objective of the program is to maintain, and possibly to further enhance, this level that has been achieved through great effort. The program of basic research in biology is closely linked to OKKFT programs G-3 (Research and development of biotechnological processes, and their application in industry and agriculture) and G-7 (The R&D tasks in conjunction with developing the production of pharmaceuticals, plant protectant and chemical intermediaries under the 7th Five-Year Plan). Or more accurately, the program of basic research in biology is the basis of the other two programs.

In accordance with the principal fields of research, the research work will be performed under three subprograms.

##### 1. Research in Molecular and Cellular Biology

The purpose of this subprogram's molecular and cellular research is to explore the mechanisms of the bioenergetic, molecular biologic, molecular genetic, and

immunologic processes in microbial and eukaryotic organisms. It plans to study the molecular mechanisms of the transformation of luminous energy, to explore the consumption of energy in the transport processes in plant and microbial systems, and to investigate certain details of mitochondrial energy transformation. The fact that the functioning of living organisms is based on energy supply, and therefore an understanding of the mechanisms involved is very important, warrants this research. Another and by no means negligible consideration is that a better understanding of the processes of energy transformation might serve as the basis of developing processes that could increase the yields in crop production.

The domestic biotechnology industry is the fastest-growing branch of the agriculture of the future, and some of its processes that are playing a more and more important role in medicine will be based increasingly on various techniques of modern genetic engineering. It is common knowledge that the breakthroughs which have revolutionized biotechnology, and are already yielding substantial economic results, were produced in basic-research laboratories, barely a few years before their successful practical application. To closely follow, respectively to adapt this development, we must train experts familiar with the techniques of modern genetic engineering, perfect the most important genetic engineering techniques and expand their applicability, and broaden considerably our knowledge of gene action, expression and differentiation, because this is a prerequisite for the controlled manipulation of the processes. Even today basic research is the point of main effort in the development of several fields that are of key importance for the future, such as gene-splicing for plant improvement, for example. It is indisputable that the use of modern genetic engineering techniques on higher organisms is hampered by our extremely limited knowledge of the regulation of the higher genes' action, particularly of organ, tissue and time-specific gene action. An understanding of these processes at the molecular and cellular level is a prerequisite for further progress. The rapid development of DNA synthesis and genetic engineering techniques permits in principle practically any targeted and controlled modification of the structure of enzymes. Modern research in enzymology will be pursuing this path increasingly in the future, to obtain a more accurate knowledge of the biochemistry of enzymatic action, and to design and produce new synthetic peptides and enzymes that are more suitable for practical applications.

One of the limiting factors of farm production in many countries of the world is the paucity of available nitrogen in the soil. In the interest of higher crop yields, the countries whose farming is advanced--among them also Hungary--are using ever-larger doses of chemically manufactured N fertilizers. Because of its high energy intensity, the production of manufactured fertilizers is becoming more and more expensive. Furthermore, the large doses of manufactured fertilizer are also polluting the environment. Therefore we must better utilize and increase biological nitrogen fixation. Treatment with manufactured fertilizer becomes unnecessary in biological systems or can be reduced considerably. But a knowledge of the mechanism of symbiotic nitrogen fixation is essential to establish the most effective nitrogen-fixing communities in leguminous crops and to improve them further. Once we know what laws govern this mechanism, controlled manipulation of the given symbiotic relationship becomes possible and can be extended in principle also to other bacteria

and plants, through the transfer of the appropriate genes. Our researchers have been among the first in the world to begin research related to biological nitrogen fixation, and also the research they are now conducting is rated internationally as advanced.

Immunology is one of the most dynamically developing branches of biology. The outstanding research results during the past two decades have not only given us a better understanding of the essence of the immunological processes and revealed their multilevel complex regulation mechanisms, but have also called attention--through their interdisciplinary nature--to genetic and biochemical processes of fundamental importance. Although in some areas the gap between rapidly developing basic research and the potential applications is still very wide, important practical results have been achieved in medical and veterinary diagnostics, in the prevention of human and animal diseases, and in biotechnology as well. A separate branch of biotechnology is based on the technique of somatic hybridization. The diagnostic and therapeutical use of monoclonal antibodies, and their application in industry and agriculture belong among the important results of modern biotechnology.

New directions of basic research in immunology also are emerging. They are focusing their attention on the study and identification of the regulator molecules which are produced by the cells participating in the immune processes, or which split naturally off the antibody molecules and complement components; on exploring the structural and functional relationships of receptors and growth factors; and on developing synthetic vaccines. These directions of basic research are the sources of new practical procedures, diagnostic and therapeutic methods, and new opportunities in the pharmaceutical industry.

## 2. Basic Research in Neurobiology

The purpose of basic research in neurobiology is to analyze the neural element structure and functions of the nervous system; to study the brain's various networks and systems on the basis of these analyses; to investigate the interrelations of the nervous and hormonal systems; and, based on these interrelations, to explore the basic mechanisms and laws of the human psyche.

In nerve functions at the neural element level, it is necessary to clarify the role of some of the relatively still obscure ion mechanisms in the excitation and transmission of impulses. Clinical medicine benefits from studies of the biophysical, physiological and morphological background of the pathological excitation of nerve impulses as in the case of epilepsy, for example; and also from studies of the classical form of impulse transmission, and of the mechanism of nonsynaptic transmission. Concerning the synaptic and nonsynaptic connections between neural elements, research in recent decades has identified in the nervous system numerous compounds, mainly peptides, that are impulse-conducting or conduction-influencing substances. Determination of the exact chemical structure of the receptors or nerve terminals that respond to stimuli, and the study of the feasibility of influencing receptors pharmacologically are likewise of outstanding importance.

The most thorough knowledge possible of the structure and functions of the nervous system and its elements is indispensable to recognize nervous and hormonal

disorders, and to develop effective new drugs for them. In the model system of the neuron networks of invertebrates and vertebrate animals, the mechanisms of physiological and pathological impulse excitation can be studied with the help of microphysiological, biophysical and functional morphologic methods.

Investigations, at the basic mechanisms level, into the processes of plasticity, primary learning ability, and memory in the developing and the mature nervous system constitute a very important group of questions within the sub-program. More accurate knowledge of the destruction of neurons, synaptic changes and receptor functions in the ageing nervous system could lead to results that would be useful also in therapy.

Many details of the nervous-system and inseparable endocrine-system activity that regulates the functions of neurons forming nerve networks and of more complex nervous systems, the organism's adjustments to the external and internal environment, and the instinct of race preservation, have yet to be uncovered. We can expect to achieve this through the coordinated use of biochemical, pharmacological, physiological and morphological methods. The results will help us solve problems of reproduction biology, among other things. On the basis of our knowledge of neural element and hormone functions, it is extremely important to develop by experimentation new supereffective synthetic hormones, to introduce their use in practice--in livestock production, for example--and to develop highly effective new drugs for the treatment of nervous and endocrine disorders.

The laws governing the human psyche cannot be understood without exploring the underlying physiological principles. Psychophysiological analyses may reveal the rules of the biological drives behind perception, emotional life, thinking, study, sleep, attention and action, and also how these drives can be influenced. The mechanisms by which certain sensory systems process information can be clarified through physiological, pathophysiological and psychophysiological analyses of cerebral integration. A better understanding of the correlation between the electric currents in the brain and behavior is likewise essential; the complex neuromechanisms of learning and retention cannot be investigated without taking the orientational and motivational factors into consideration.

### 3. Ecological Research

Many sensitive species of the animate world are very suitable for use in environmental impact studies, to forecast the nature and extent of the expected changes. At the same time, the ecological systems' degradability and load capacity also can be investigated. The environmental factors that influence the animate world's self-regulating ability and tolerance can be studied primarily in close-to-nature communities that so far have been affected only slightly by man's interference. In addition to studies primarily of biotic communities, an important objective of the program is to monitor the background variables (water, soil, sediment, air, temperature, insolation, other weather factors, oxygen supply, etc.) and to establish the actual cause-and-effect relationships.

In aquatic and terrestrial communities a few populations often are of key importance in the circulation of substances. The value of these populations as biological indicators is outstanding, and frequently they are of epidemiological significance.

The assessment and forecasting of the ecological effects and expected consequences of air, water and soil pollution are questions also of public interest. Exploration of the ecological background is essential to stopping the further pollution of our surface and underground waters, and to improving water quality. In biotic communities the effects of air pollution--of acid rain, for example--can be demonstrated and accurately mapped with the help of plant species that are sensitive to air pollution, and on this basis the endangered zones of large cities can be determined. To establish the scientific principles of optimal water-quality control, the effects of algal communities on water quality are being investigated in Lake Balaton, and the reproduction of biomass is being characterized also in terms of quantity. Hydrobiological and water-quality studies of the Danube are continuing, with special attention to the ecological effects of building the Gabčíkovo-Nagymaros barrage.

Research of the structure, population dynamics and dynamic relationships of the ecological communities developing in our most important crops is in the forefront of attention, for the purpose of establishing the ecological principles of environmentally safe systems of pest control.

The objective of investigating the relationship between microorganisms and plants is to improve by ecological means the efficiency of nitrogen fixation. Attempts will be made to explore with the tools of biotechnology the effects of pesticides and manufactured fertilizers on the communities of soil microorganisms, and also the pathways of the microbial decomposition of natural and synthetic organic materials, wastes and pollutants. The effects of farming practices on the microorganisms in the soil will be analyzed. The research results will aid the work of the agencies concerned with regional development, conservation, land use, and production matters.

The research results of the OKKFT program of basic research in biology will influence the scientific manpower potential and the body of knowledge necessary to support the research or programs that directly serve economic objectives. Successful implementation of the program will provide the basic-research background necessary for biotechnology, agriculture, the production of pharmaceuticals and plant protectants, certain branches of health care, and for environmental decisions.

Knowledge of the genetic material's structure and functioning will permit the purposeful modification and expedient utilization of the genetic material, as an indispensable foundation and necessary condition of developing crop production, livestock production, medicine and veterinary medicine. Through gene manipulation, microbes can be induced to produce human hormones (insulin, growth hormone, etc.) and other foreign proteins and enzymes. Resistant plant strains can be developed through gene transfer. Eventually it may become possible to develop even nonleguminous crops that do not require N fertilizer, by introducing in these crops certain genes of nitrogen-fixing bacteria.



The yields, quality and dry matter content of our field crops could be increased considerably by developing strains that are resistant to harmful environmental effects and pests. The already applicable results of research into artificial embryogenesis and implantation could produce a sudden sharp rise in the development of livestock production.

With the development of new types of vaccines, immunogenetics research could open up new prospects for medicine and veterinary medicine. Research in human genetics could lead to a lower incidence or possible prevention of diseases that are significant from the viewpoint of public health.

The physiological knowledge gained from research in the field of microbiology is aiding the optimization of large-scale fermentation processes. The results of research into enzymes make the more efficient utilization of biomass probable, and the application of microorganisms produced by protoplast fusion to combine valuable properties could open up vast opportunities, unpredictable for the time being.

The results in neurobiology are contributing to the expansion of our fundamental knowledge in one of the most important fields within modern biology. On the basis of the scientific results obtained here, we can expect to gain new knowledge in the fields of health care, education and psychology, which in turn will lead to new procedures. This research will aid also the development of new neurotropic drugs.

Relying on the results of basic research in ecology, it will be possible to develop the principles and models of environmental regulation that supports current and long-range social objectives. This research is leading toward establishing the principles of environmentally safe plant protection from weeds and insect parasites. On the basis of the expected results, it will be possible to elaborate for the decision-makers proposals that could avoid at least partially the losses associated with the deterioration of the environment's quality.

#### Research Substantiates Economic Policy

Budapest MAGYAR TUDOMANY in Hungarian No 11, 1985 pp 847-851

[Article by Imre Szilard, section head of the Hungarian Academy of Sciences Central Office: "Research To Theoretically Substantiate Our Economic Policy and To Perfect Our Economic Management"]

[Text] The four social-science programs that the Science Policy Committee and subsequently the Council of Ministers approved at their respective sessions concentrate on the most important phases of the economic processes and embrace those fields that are decisive from the viewpoint of our further development. The subject matter of the four closely interrelated programs covers a range of the most important and timely questions of the economy, politics, their systems of institutions, social policy, and cultural and education policy.

Although, according to the plans, the secretary general of the Hungarian Academy of Sciences will be responsible for the administration of only one of the

four social-science programs, the role of the Academy's institutes or of the Academy itself will be decisive in the other three programs as well. In addition to responsibility for all of program Ts-1 (Research that serves to theoretically substantiate our economic policy and to perfect our economic management), the Academy will thus have sole or shared responsibility for two subprograms under each of the three other programs (Scientific research of the state's organization, the political structure, and the operation of the system of national, regional and local institutions; The scientific substantiation of social policy, and research of society's structural and consciousness processes; Research that serves to augment our cultural values, and to develop the cultural processes and the systems of institutions for education and training).

The four social-science programs are closely interrelated. They provide, so to say, the scientific foundation of the central programs of economic development. It follows from the nature of things that this interrelationship is strong primarily between economic and social programs, but it is typical also of the tasks formulated in the so-called action programs.

Program Ts-1, the administration of which is the MTA secretary general's responsibility, is a continuation of the research conducted in the principal research directions of the preceding OTTKT, respectively within the framework of one of its programs. The main objectives of program Ts-1 (Research that serves to theoretically substantiate our economic policy and to perfect our economic management) have been formulated--on the basis of the results of research, carried out with emphasis on various aspects, into the economy's system of organization, the enterprises, and the timely questions of our relations with the world economy--as follows: "Scientific substantiation of economic strategy, and of perfecting and modernizing economic management; the elaboration of proposals to modernize the economy's structure and to introduce changes in the economic mechanism; and comprehensive investigation of the set of external and internal conditions for the development of the Hungarian economy, its adaptation requirements, possible directions of development, and development resources." The realization of these research objectives will be able to serve as a guide for the decisions of the political leadership and economic management, and occasionally to aid decision-making directly. The program identifies for the second half of the 1980's the tasks that are the most timely in the process of gaining a better understanding of the laws of economic development, and which will be of help to society in regulating the economic processes, by clarifying the questions of principle in economic policy and management, and by investigating the timely tasks of economic policy and management in the next stage of development.

It follows from the program's subject matter that solution of the tasks will require mainly economic research. But specifically the noneconomic (demographic, cultural, political, etc.) elements and factors asserting themselves in the economic processes demand that we involve also the social sciences and treat the problems in a multidisciplinary and interdisciplinary manner.

The research work that this program calls for will be organized under four subprograms. The relative independence of these subprograms is the characteristic



that distinguishes them from the subprograms of the other OKKFT programs: each of the four subprograms is a relatively independent ministry or interministry program. Their relative independence stems specifically from the comprehensive, integrating nature of the OKKFT program. On the basis of the particular experience gained during preceding periods--regarding research in the social sciences and its link to practice--it seemed expedient to choose this form. For the many aspects and intertwining of the investigated individual socioeconomic processes require integration of the research; but scientific substantiation of the decisions of the socioeconomic and political leadership as the "customers" who commissioned the research, and "supplying" their specific requirements necessitate that the subprograms' investigations be more extensive.

1. The subprogram entitled "The changes in the world economy and Hungarian economic strategy" (a central-agency program for which the Hungarian Academy of Sciences has been assigned responsibility, its base institute is the World Economy Research Institute) will investigate the Hungarian economy's external relations in a wide sense, the external factors that influence the Hungarian economy. The fundamental rearrangements that are taking place in the world economy, the changes that point toward the beginning of a new era, constitute a set of environmental conditions that are of decisive importance for the development of the Hungarian economy, because of its open nature. The purpose of the research is to explore the basic processes that determine the world economy's development, and to outline the set of requirements that follow from this for the Hungarian economy.

The processes of the world economy will be investigated in the broadest sense. In addition to exploring the strictly economic elements--the growth factors, the changes in the production structure by regions, the monetary relations, the movements in the capital and credit markets, etc.--the investigations will extend to the demographic interrelations of economic activity, to the changes in the living standard and life-style of the individual strata, to the environmental problems' impact on the economic processes, and of course also to the changes in world politics, to the comprehensive study of the political, military and economic balance of power. Overall research of the world economy has also a certain forecasting function, besides its analytical and theory-formulating functions.

The second group of topics in this subprogram comprises investigations of regions and countries that are important from the viewpoint of the Hungarian economy's development. Of key importance to us are the comprehensive scientific exploration of the processes of economic development in the Soviet Union and the socialist countries of East Europe, specific analyses of individual countries, and theoretical generalization of their experience. Our economic relations with capitalist countries require analyses primarily of the countries of West Europe, while North America and Japan must be treated preferentially in view of the importance of high technology. An area of importance to us is China, in the hope that we will be able to expand our mutual relations. The most important element of regional research is to explore the processes of development in the given regions, their strategies for adapting to the changes in the world economy, and the basic structures of the economic mechanisms that served their adaptation.

The subprogram's third group of topics has increased in importance in comparison with the past. It calls for investigating our economy's adaptation to the international environment; in other words, for investigating our national economy from the viewpoint of the external economy. Whereas the first two groups of topics offer potential practical applications of a more indirect nature, this field of research could provide more direct assistance to decision-makers. The primary aim of these investigations is to explore the existing and potential comparative advantages of our economy, our international competitiveness, and the efficient utilization of our available resources. By virtue of its subject matter, this research is linked the most directly to those central programs of economic development, respectively action programs, whose aim is to improve the performance of our foreign trade. Thus it will be possible to use the research results directly in the programs entitled "The expansion of manufacturing industry's nonruble denominated export" and "The wide-scale application of import substitution."

2. The subprogram entitled "The macroeconomic interrelations of economic policy and economic management" (a central-agency program for which the Hungarian Academy of Sciences has been assigned responsibility, the base institute is the Economic Sciences Institute) serves to substantiate the formulation of economic strategy for the next stage of economic development. A task on which more emphasis is being placed than in the past is the exploration of economic development's set of social conditions, and of their determined consequences, forced trajectories and opportunities. Thus the interrelations are to be investigated between the economy and the following: the changes in the social structure; the development of the demographic processes; the cultural and educational processes; and the effects of changes in society's morals and set of values.

Approaching the problem from the viewpoint of the requirements that society sets for economic development and the economy itself, research will have to investigate the extent to which the economy is able to contribute toward the following: a balance of the processes of the population's physical and biological reproduction; the population's increased social security and improved material well-being; changes in the social structure that are harmonious and preserve social and political stability; and the processes of society's modernization. Special attention will have to be devoted to exploring the set of interrelations with the mechanism and management schemes operating in society's other spheres.

A second important group of topics calls for researching man's role in the production process, and the changes in this role. We need a realistic assessment of our labor force's potential. In this context, research under this subprogram will have to elaborate a concept of, and a program for, the process of manpower replacement, the institutional and financing solutions this will require, and an incentive system to stimulate performance.

Another key factor of economic development is the enhancement and intensification of the replacement of the national economy's stock of fixed assets or fixed capital. To this end it will be necessary to investigate the structural characteristics and efficiency of the stocks of capital assets in the individual areas of the economy, and the various factors that determine the structural

characteristics and efficiency. It will likewise be necessary to research the enterprises and institutions' interest in replacing their capital assets, the possibilities and conditions of developing a real capital market, and the problems of regulating and planning the process of capital allocation.

In the interest of exploring and modernizing the economy's structure, it will be important to study the particular determined structures (production structure, distribution structure, income structure, etc.). On the basis of their analyses, the possible and necessary directions of changes in the structural characteristics will have to be elaborated, together with the appropriate set of conditions and the mechanisms capable of implementing the changes.

While striving to scientifically substantiate the concept of economic policy, research will have to clarify the tasks in conjunction with perfecting the economic mechanism and the system of economic management. Schemes of the economic mechanism are needed that suitably transmit the demand and the international requirements to the economic subjects, and help to mobilize our potential and resources for development. A key issue in this research will be the clarification of the theoretical questions of property relations. Based on analyses of the domestic and international experience, it will be necessary to elaborate the distinguishing features of a multisectoral socialist economic system, of the various forms of ownership, and of the way in which this system and the forms of ownership operate. The nature of how equity of ownership asserts itself, and the characteristics of the workers' activity resulting from their role as owners must be explored. In the course of elaborating the schemes of the economic mechanism, the dual external economic linkage will have to be taken into consideration when setting the directions in which the individual subsystems (price, fiscal, manpower, etc. policies) are to be developed. And in the process of perfecting the system of economic management, it will be necessary to investigate the functions, content and structures of national economic planning, economic regulation and the economy's system of organization, in the light of their comprehensive modernization.

In addition to exploring the international and domestic conditions of economic development and the room for maneuvering that they provide, an important task is the elaboration of alternative development strategies and their components.

From the comprehensive macroeconomic nature of this subprogram it follows that its research results will be suitable primarily for substantiating high-level economic decisions, and thus indirectly they will affect practically every element of our economy.

3. Research under the subprogram entitled "Economic development and policy in three principal branches of the economy" will analyze the effectiveness of the given economic policy through the characteristics of three large sectors; its objective will be to clarify the range of problems of quality, efficiency and competitiveness that are of outstanding importance to the entire economy, and to elaborate national economic and branch proposals for their improvement.

A new stage is emerging in the development of agriculture and the food industry. Adaptation to the new conditions of science and technology is vital; the manpower situation is changing significantly; fixed capital replacement

in agriculture has become timely; demand in the domestic market is changing, and our potential export markets are shifting. It will be the task of research to explore the nature, extent and consequences of these changes.

Research into the questions of industry's development will attempt first of all to clarify industry's modernization. The task of this research will be to map the state of industry's productive factors (energy, raw materials, and manpower), and to assess industry's growth potential and ability to compete internationally. Of outstanding importance will be the investigation of the role of technological changes, and of the basic research that leads to them. Because of the openness of our economy, the development of our relations with CEMA is of great importance. It will be necessary to seek available opportunities in the process of integrating the CEMA countries' research and development, and their industrial production; and to investigate what behavior and set of instruments would be suitable to enhance the utilization of these opportunities.

Another question awaiting clarification is a set of criteria, objectives and instruments for a selective industrial and technical-development policy that will enable us to catch up and become more competitive internationally and, on this basis, will promote our economic growth. It is necessary to explore what combination of a system of regulation, set of instruments and system of institutions would be suitable to pursue selection resulting in better quality, higher efficiency and greater competitiveness.

Closer attention than in the past must be devoted to the economic and management questions of the infrastructural branches. Because it is filling a gap, research of this third group of topics within the subprogram will strive to explore primarily the present situation. Its task will be to analyze the processes of change in the productive and nonproductive infrastructural branches, and to explore how the operation and development of the individual branches can be made efficient. In these investigations the economic, economic-policy and management questions of the transportation system, the telecommunications industry, education and culture, and of health care and social services must be treated preferentially.

4. The subprogram entitled "Microeconomic research" will investigate the effectiveness of economic policy just as the other three subprograms, except here the investigations will be at the level of the enterprises or microeconomic units, the actual scene where business is transacted. Research will focus on the individual microeconomic organizations, respectively on their interaction with their environment, their operation and internal structure.

The first group of topics will investigate the system of relationships between the business organization and its socioeconomic environment, singling out three areas from the business organization's socioeconomic setting. Research of interaction with the market environment will focus on the behavior of the persons and organizations active in the various types of (commodity, capital, and labor) markets, and on the factors influencing their behavior. In addition, the researchers will analyze how the various forms of cooperation--contractual relations, partnerships, joint enterprises, etc.--operate, the typical market structures, and the questions of market equilibrium or disequilibrium.

Outstanding within the range of questions related to the sociopolitical environment will be the exploration of the mechanisms influencing the noneconomic requirements set for business organizations. Within the maze of the system of relationships that have evolved with economic management, of both theoretical and practical importance will be the analysis of the changes in the owner's rights and operating rights.

The group of topics investigating the structure and functioning of business organizations will provide a better understanding of the business organizations' internal relations and operations. The business organization's functional structure and the coordination of its subsystems' operation will be in the forefront of the investigations. By exploring the operating characteristics of enterprises, cooperatives, state farms and various other forms of business activity, and by preparing proposals for modernizing their operations and structures, the research will be able to help the further progress of our economy and of the economic reform, the establishment of the business organizations' autonomy, and the development of a more effective system of influencing their activity.

As evident also from this necessarily sketchy overview, the tasks included among the programs of the National Medium-Range R&D Plan are the ones that place society's most pressing problems under scrutiny, and whose results can be expected to contribute also directly, during and after the plan period, toward the solution of our socioeconomic problems.

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SCIENCE AND TECHNOLOGY

HUNGARY

#### STATUS OF LIQUID CRYSTAL RESEARCH

Budapest MAGYAR TUDOMANY in Hungarian No 11, 1985 p 807

[Article by Lajos Bata]

[Excerpt] What Is the State of the Art in Hungary?

A few (three) researchers of the Plastics Industry Research Institute were the first to intensively investigate this topic in Hungary. In accordance with their field of interest, they studied primarily the relationship between liquid crystals and polymers. At other research stations, only individual investigators showed interest in this topic. The 1972 decision of the KFKI [Physics Central Research Institute] management to launch physics research (with five researchers), and the venture of the Telecommunications Research Institute to develop the small-series production of seven-segment liquid crystal displays, marked the turning point of investigations in this field.

For the 1973-1977 period, the OMFB [National Technological Development Commission] and the KFKI concluded an R&D contract for the topic "Research of liquid crystal materials and development of displays." This topic became a part of the principal direction "Research of solids" and of the program "Research and development of electronic components" that has been a preferential target program of the National Long-Range Research Plan. Every year since 1973, KFKI researchers have been organizing a training course in, or a conference on, liquid crystals, and this remains even today one of the frameworks for coordinating the Hungarian researchers' interest in this field. Others soon joined the research efforts, including researchers of Semmelweis Medical University's Physics Institute and a doctor from the KOKI [Research Institute of Experimental Medicine] who chose the relationship between lyotropic liquid crystals and biological systems as the subject of their research, and also two or three chemists of Attila Jozsef University in Szeged who began to synthesize liquid crystal materials. Joining the research, doctors of the Dabas Clinic and Animal Hospital, Szeged Medical University, and the Veszprem Megye Hospital provided a new dash of color by using liquid crystal film in medical and veterinary medical diagnostics.

We number in the hundreds the scientific papers published in international journals. Researchers of the Plastics Industry Research Institute and the Physics Central Research Institute have gained international renown in studying



the physics and chemistry of polymer liquid crystals, respectively of thermotropic liquid crystals. They have been cited as references hundreds of times and are on the organizing committees of international conferences. The medical thermography research also has attracted international attention. The researchers in the other areas also are gradually gaining international recognition. This cooperation eventually developed into a specialized group of the Lorand Eotvos Physics Society. In 1979, the group organized an International Liquid Crystal Conference, in Budapest. The proceedings of this conference, published by Akademiai Kiado and Pergamon Press, can be found in the library of practically every institute studying this field. A book has been published on the physics research, also one on the thermography applications, and additional books on this topic can be expected.

In summary it can be established that we have monitored fruitfully the development of this topic and achieved internationally recognized partial results. The intensity and scale of further growth can be termed suitable for a country of Hungary's size, although it might still be warranted to develop a base for the research in organic chemistry. Within this topic, of course, there are also areas (for example, systems consisting of disk-shaped molecules, the intermediate carbon phase, etc.) which we are unable to pursue (due to our small staff).

The cooperation that has evolved among the socialist countries is aiding the research of this topic: we are organizing an international conference every other year, and we have been able to establish cooperation with the other countries of the world as well.

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SOCIOLOGY

POLAND

#### LEAGUE PRESIDENT DISCUSSES WOMEN'S RIGHTS

Warsaw PERSPEKTYWY in Polish No 36, 6 Sep 85 pp 4, 5

[Interview with Jadwiga Biedrzycka, chairman of the Executive Committee of the League of Polish Women, member of the PRON (Patriotic Movement for National Rebirth) National Council Presidium, and candidate for deputy to the Sejm, by Grazyna Dziedzinska: "Emancipation Is Not a Gift, It Must Be Won"; date and place not specified]

[Text] [Question] For several years now the importance of women's problems in the international arena is clearly growing. Women's groups, congresses and conferences are no longer being slighted, because women themselves have shown that they constitute a force in the world--and a political force, at that--which cannot be ignored. In addition to the battle against descrimination which is still being fought in many areas of our globe, women have joined in the struggle for disarmament, for a new economic order, for peace. You represented the Polish women at the recent World Conference of Women in Nairobi as a member of our delegation. What were the goals of this conference?

[Answer] The World Conference of Women constituted the recapitulation of the United Nation's Decade for Women, proclaimed by the United Nations, which began with the International Women's Year and the conference in Mexico in 1975. At that conference, a program of action was approved for the governments of the UN member-states on the social advancement of women. The conference in Copenhagen in 1980 summed up the achievements on behalf of women during the first 5 years of the decade. This year we assessed the implementation of program to improve the status of women for the period of the entire decade.

The conference concluded with the acceptance of two documents. The first document summarized the results of the work of the previous conferences, and the second document, which is particularly important, outlined the strategy goals relating to the emancipation of women for the UN, its departments, and its member-states, to the year 2000. This document will be the object of deliberations at the next session of the UN General Assembly.

[Question] What was the Polish delegation's input to the conference and how was the delegation received?

[Answer] Our delegation took part in both the general meetings and the meetings of the committees which prepared the final version of the documents. We all participated in the behind-the-scenes meetings and discussions, which often are very productive because they help to alleviate controversy. Minister Anna Kedzierska, delegation chairman, read the message from the chairman of the Council of State to those assembled at the conference. It referred to the heartbreaking experience of the Polish nation during the Second World War, to the very vital, in our society, conceptions of humanism. It expressed the unalterably decisive desire of Poland to strive in its foreign policy to establish peace and maintain constructive contacts with all countries of the world. The message was received exceptionally well and warmly, which undoubtedly was also an expression of sympathy to Poland on the part of those attending the conference.

The conference confirmed once again that insofar as matters relating to the advancement of women in society are concerned, we are among the world leaders in this respect. Polish women, for example, are provided vast opportunities for achieving economic and financial independence, while women living in developing countries, and even in highly developed countries in the West, often do not have such opportunities. They are the first ones to fall victims to recessions and crises which expand the army of the unemployed. We are among the world's leaders not only because we have universal, free access to education, but also to universal and free health service. And although we often complain about how it functions, we should not forget that this is something which is still not available to women everywhere.

[Question] "Woman is the negro of the world, the worst slave among slaves," John Lennon, inspired by his Japanese wife, sang. These words applied not just to women in the poor and backward countries, but also to women in the wealthy countries, women who live well, but despite this--and much less is known and said about this--are to some degree enslaved, deprived of many rights, and humiliated. Were these matters also brought up at the conference?

[Answer] Well, it was really because of this that during the conference, and even long before that, the United States and the West European countries, tried, in drawing up documents, to divert attention from such matters at any cost. Matters such as the fact that in many states of the United States the equal-rights amendment to the constitution still has not been ratified, that in many highly developed Western countries a woman still does not have full rights as a member of society. But the main attempt was at separating, at all costs, women's problems from the social and political problems of today's world: economic inequality, exploitation by large corporations, the enormous amounts of money appropriated for armaments, etc. But the socialist countries, in a common front with the developing countries, resisted these attempts, stating that such international problems as the arms race, local armed conflicts, etc., have a tragic effect on women, on their living conditions and their families.

On some matters the American delegation was abandoned even by its West European partners. For example, the fact that the Americans were the only ones at the conference who voted against condemnation of the apartheid regime in South Africa aroused general disgust.

[Question] If we consider the effects of local conflicts on women, conflicts of an international scope, then probably the Palestinian women who are living under Israeli occupation or bringing up their children far from their homeland in refugee camps, are in the most tragic circumstances. I am told that the debate on the Palestinian question was so stormy and provoked such sharp controversy that the conference was almost disrupted.

[Answer] The delegation of Palestinian women was received at the conference with tremendous applause. The great majority of those attending the conference was in agreement that the Palestinian nation has a right to a homeland and to its own statehood. The American delegation was against this. It was mainly due to this that a consensus was not reached on a statement placing the blame for the tragic situation in which the Palestinian women and children find themselves on Zionism. This was discussed in the final version of the document. But the conference confirmed the assessment of Zionism embodied in the UN resolution, that it is a form of racism.

[Question] Let us return once more to the matter of Polish women. You said that they have excellent opportunities for advancement, etc. But I am afraid that if this were to be said today to any large group of women many of them would simply be irritated.

[Answer] First of all, let me say that during our entire conversation I have not used any such expression as "excellent opportunities for advancement." In giving my impressions of the conference in Nairobi I said only that insofar as equal rights for women are concerned, we are among the world leaders, which is true. But at the same time this does not mean that all women in Poland are well off. Naturally, here, too, a great deal still remains to be done in this regard.

[Question] Many women say that equal rights has become a boomerang which has come back and struck them--that it increased their obligations but did not make their life much easier.

[Answer] I think that in this case we are dealing with a certain confusion of ideas. I believe that we can name the following stimulators for advancement of women: first, what can and should the state do in this regard. As we know, it provided us with the basic condition for equal rights, i.e., its legal sanction. But insofar as the correct cadre policy is concerned, i.e., the second condition of equal rights, which would enable women to advance to leadership positions, then a great deal is left to be desired. The third point, however, is how many women, in comparison with men, have the ambition to advance...

[Question] Excuse me for interrupting but I think that this is not only a matter of ambition. It is primarily the traditions and habits which prevail in society. Many women say that they have equal rights as to jobs, but not necessarily as to wages or job advancement.

[Answer] Women have equal rights as to jobs, wages, social and vocational advancement, but the point is how are these rights being implemented in practice. The fact that they can be successfully enforced has been

demonstrated by the League of Polish Women clubs, which were organized in various workplaces and began their activities with an examination of payrolls. In many cases they showed the management that for the same work done in the same amount of time as men, they are receiving lower pay. But I have a question--does this not often happen with the approval of the women? I think that the women's movement should do more to increase the awareness of women. I often get the impression that the unequal treatment of women in some places is the fault of the women themselves. I am referring, of course, to women as a whole, and not to those who are ready to compete and are definitely determined to go on to higher positions.

As to the statement that equal rights has boomeranged against women, then perhaps we should answer this question: Why is it that mainly women stand in queues?

[Question] Habit...

[Answer] Yes, but isn't it also the woman herself who has this habit? Does she realize that she has monopolized the family, that perhaps it would be better not only for herself but for the entire family if its other members participated more in the household duties? I don't wish to proclaim radical feminist slogans here, but I feel that the road to the emancipation of women, under our conditions, leads, first: through improvement in the family's standard of living, i.e., a gradual but consistent alleviation of the arduousness of everyday life, the difficulties in obtaining consumer goods, etc. Second: by making changes in upbringing, so that the woman in the family would feel that she is a partner in the duties, and not the sole person responsible for what goes on in the family.

[Question] In my opinion such a change must also, and first, be made in the awareness of men, otherwise there will only be an increase in the number of divorces. Women take this into consideration and that is why in many cases they give up the struggle for a more partner-like arrangement. But returning again to the matter of women's job capabilities. Unfortunately, in many workplaces more men than women are still being hired, and especially fewer young married women are being employed, because of maternity leaves, etc.

[Answer] Again, the matter is not so simple and no easy solution can be found. Motherhood demands special protection and assistance to women. On the other hand, many women in talking to me are wondering whether the expansion of privileges, including those which bring large losses to the workplaces, are not working to their disadvantage and are responsible for the fact that enterprises are beginning to regard the employment of women as simply being unprofitable. I think that this matter must be calmly considered and evaluated, just as the role of the woman in the family.

Obviously, the family cannot be revolutionized overnight, because this brings about conflict. But is the belief of many women that they do everything best, that only they know how to bring up the children, really serving them and their families well? I address this question particularly to young girls, who should rid themselves of backward traditions and customs.

[Question] You are chairman of the Executive Committee of the League of Polish Women, an organization which this year is observing its 40th anniversary. Many opinions have been expressed about this organization. For example, that it represents women, is their figurehead, but when it comes to concrete action, then it is little like the UN--it postulates a great deal but is not able to accomplish much.

[Answer] I must object to this. Our organization numbers half a million members affiliated in thousands of clubs. It has a lot of achievements to its credit, although not everyone may be aware of this. If we look back at the activities of the past 40 years, we come to the conclusion that the organization had a high standing in society and a broad influence in women's circles when it accomplished its main statutory provision, the attainment of equality of women with men. When its problems related to social and political activeness. But when it concerned itself with the status of women in a more abstract way, apart from the realities of everyday life and matters worrying the family, possibly then it could have been accused of being merely a figurehead.

[Question] Do women, not just those who are aware and resourceful but also those who are weak and lost, come to you with their complaints?

[Answer] I do not feel that the League of Polish Women should be identified exclusively with a place to which one comes with complaints, because our scope of activity is much larger. Although we also help individual women in difficult circumstances, e.g., in problems relating to divorce or alimony. It should also be added that more and more we are helping men, who have these same problems with women.

As far as other, broader areas of our activity are concerned, we should name our collaboration with the authorities on matters relating to the position of women and their social activity.

[Question] Are these contacts without conflict and do your activists meet with understanding?

[Answer] It varies. Some matters are controversial and disputable. That is how it was during the elections to the people's councils, and that is how it is now, when our representatives have to fight hard to get the proper number of women on the lists of candidates for the Sejm. I think it is good that this is so, that the road should be through emancipation of women, not in the form of presents given to women, but as a result of their activeness. I am referring here entirely to the objectivity of women in the struggle for equal rights. If one wants to really benefit from this struggle, one must participate at least a little in public life, and not just live within one's own family. Not to have a passive, waiting attitude, not to direct the desires for emancipation only to the government and the men, but to take part in making these desires a reality. The organization has already made great progress in this direction. It was the League of Polish women, after all, that made a large input to the amended family code, one of the most modern in the world. Well, maybe not everyone knows about this. Maybe it is not stressed sufficiently in the propaganda, but that is the truth. And wasn't

the alimony fund its idea? After all, that is where the idea was born. The League of Polish takes part in consultations on draft laws. It helps women--especially now in the present, difficult crisis--to better organize their work at home, to better cope with their daily life. Our Household Management Committee concerns itself with this, as well as the clinic and centers which through many courses and lectures make women aware of the need to organize their family life on a partnership basis, the correct ways to bring up their children, to prepare healthy meals, to arrange their homes properly, etc. Over the last 3 years, 24 such new centers and sociolegal clinics have been established. Of course, we, too, have financial and accommodation difficulties, which means that we cannot always meet the demand for our help.

[Question] You are a candidate for deputy, a young, energetic woman who also has long experience in women's activities. If you are elected to the Sejm, which matters pertaining to women would you feel have priority?

[Answer] It is still a long way from achieving this proud position, so we are merely speculating. But because I am a candidate by reason of the function that I perform and with the support of the organization's members, I will have a special duty to be involved in those aspects of the state's social policies which pertain to consolidation of women's independence. To alleviate, insofar as possible, the heavy problems of daily life whose loads are borne primarily by women. To seek solutions which would make for greater family stability and improve the standard of living. To help alleviate the burning problem of insufficient places in preschools, which, among other things, would enable women to work on their jobs more efficiently and would thus strengthen their position in the workplace. To make sure that financial and other distinctions for work performance apply to women to a greater degree than they have in the past.

[Interviewer] Thank you for the interview.

9295

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SOCIOLOGY

YUGOSLAVIA

STATUS OF PENSIONERS, NEW LAW DISCUSSED

Belgrade BORBA in Serbo-Croatian 6 Jan 86 p 4

[Article by S. Bakic: "How Much Are Pensions"]

[Text] Disinterested witnesses recently had an occasion when the SFRY Assembly was adopting the bill to amend and supplement the Law on Basic Old-Age and Disability Insurance Rights to see a decision pass through the eye of the needle to postpone for another year, until 1 January 1987, the recomputation of the pension base from the last year of work instead of the next to last year, as has been the case up to now. Nevertheless, some 20 delegates felt the need to say their "yes" or "no" from the rostrum, and then all of one-third voted for application of Article 25, which has been regulating this matter since the beginning of this year. Many words were heard about the financial condition of pensioners, and there were references to the constitution.

Honestly, why didn't Article 25 "pass"?

Seven Years for a New Law

Perhaps someone will recall the mid-seventies when they began to prepare the new Law on Old-Age and Disability Insurance. The new approach to pensions had been favored both by the constitution and all the key documents of this society; there was a need to implement and apply the position that pensions represent past labor, that they must keep pace with the destiny of live labor in every respect. It is truly worth recalling that those were different times: the country's debt was small, the social product was growing at a more favorable rate than at present. However, even then the problem was raised of the level of resources for pensions which the economic base could support without danger to its future development. Demographers, that is, announced a wave of old-age pensioners, and even the number of disabled persons has been growing larger and larger. Perhaps we recall that the seesaw of "greater or lesser rights of pensioners" went down on that other side several times, especially when they began to compute the level of the burden which the new pension system would place on the economy. Strong pressures, quite often without sufficient computations to back them up, were nevertheless successful, and an amendment was brought in and passed a day before the vote was to be voted on pertaining to the date when pensions would have to be brought completely into conformity with the rise of personal incomes. That date, 1985, which we can



confirm as witnesses, was not realistic. Pensioners have really felt the effect of this 1-year delay on their standard of living.

Although the new law, containing far greater rights which pensioners will have to feel in terms of a larger amount in their pension check, did pass, in actuality they have never been worse off. Since 1981, when pensions ceased to be adjusted to the cost of living, as the orientation was adopted toward keeping up with the rise of personal incomes, there has been a steady drop in their real value. For instance, the real value of the average pension in 1984 was only 68 percent of the real value in 1979. Pensions, then, have fallen considerably more than personal incomes over that same period of time; in 1984 the real value of personal incomes represented 72.4 percent of what they were in 1979. Which means that there was also a drop in the share of the average pension in the average personal income, so although the value of pensions tripled in nominal terms between, say, 1980 and 1984, the share of the average old-age pension in the average personal income dropped from 75.2 percent in 1980 to 70.6 percent in 1984, while the drop for the disability pension was from 54.4 percent to 52.7 percent, and that of the survivor pension from 47 to 45.3 percent. The average amount of all pensions relative to the average personal income dropped from 60 to 57.4 percent over that period of time. The pensioner's dinar in real terms has been getting thinner and thinner.

#### The Pensioner's Slender Dinar

The situation is still worse if we look at pensions category by category. According to the figures of the Federation of Old-Age and Disability Insurance Communities of Yugoslavia, in January 1985 36.6 percent of pensioners, or 660,000 of them, had pensions under 12,000 dinars, all of 57.6 percent, or 1.05 million, had pensions less than 16,000 dinars. This relationship is more dramatic if we look at the communities individually: in Macedonia all of 95 percent of all pensions were less than 20,000 dinars, and in Kosovo the figure was 85 percent....

#### Why so many low pensions?

The average length of pensionable service of old-age pensioners in Yugoslavia is 32 years for men and 26 years for women. In the case of those with disability pensions, who number almost as many as old-age pensioners, the average length of pensionable service is still less--23 years. That is why our pensioners enjoy this right of theirs for a long time--old-age pensioners 15 years on the average (the European average is 11), and those receiving disability pensions even as long as 30 years (the average in Europe is 15 years). It is well known that years of service directly affect the size of the pension precisely in the years when it is being enjoyed. In addition, we are a country with a markedly high increase in the number of pensioners. Over the last 5 years the number of new pensioners increased at an average rate of 4.5 percent, and in this 5-year period the rate has been still higher, averaging 4.9 percent, and that does not mean that the rate might not go even higher. The possibility has been mentioned of its rising even to 5.5 percent if retirements required by law should continue, accompanied by the possibility that new improvements in the status of pensioners would be rather attractive and would cause a higher rate of retirement.

Whatever the case, a short length of pensionable service means a low average pension. The impact of inflation and of economic difficulties is continuing to reduce the average pension, and the massive recruitment of new pensioners has brought it into an unenviable position with respect to the average personal income. For instance, although the average rates of contributions have been rising steadily (13.8 percent in 1980, 14.2 percent in 1981, 14.5 percent in 1982, 15.3 percent in 1983, and 15.7 percent in 1984), appropriations for pensions have been taking an ever smaller share of the national income: from 9.36 percent in 1980 to 7.96 percent in 1984. The rates of the contributions have risen above all because of the more rapid increase in the number of pensioners than the rate of growth of the labor force, which could not be made up for by higher productivity of labor. On the contrary, productivity has been dropping very rapidly over the last 2 years, and that means that the time when the rights of pensioners were growing.

#### Uncertain Future

According to predictions, the number of pensioners will increase from 2.027 million in 1985 to about 2.6 million in 1990. This means that if the planned parameters are borne out, in all the republics and provinces there will be an increase in pension beneficiaries relative to the size of the labor force from whose income old-age and disability pensions have to be appropriated: in Bosnia-Herzegovina from 246 pensioners per 1,000 members of the labor force in 1985 to 261 in 1990; in Montenegro from 276 to 304; in Croatia from 309 to 346; in Macedonia from 207 to 230; in Slovenia from 316 to 347; in Serbia proper from 273 to 334; in Kosovo from 224 to 225; and in Vojvodina from 337 to 379 pensioners per 1,000 members of the labor force. This means that labor productivity will have to rise by that amount if there is not to be a further drop in the real value of the pension; or the economy would be "eating up" its own source of money on which its production depends, and that in turn is the source of appropriations for pensions. That is, it has been calculated that average outlays for pensions must increase at an annual rate of 10.6 percent if the level of the pension is to be maintained relative to the average personal income, which after the new articles of the law on old-age and disability insurance take effect is to be achieved this year, in 1986--71.7 percent of the value of the average personal income. Even if the 4-percent average increase in the social product is achieved as planned, which it never has been so far, even under much more favorable conditions, the larger outlays for old-age and disability pensions would increase the share of these appropriations in the national income to 8.7 percent in 1980. It has been calculated that in the coming 5-year period the rise in expenditures for old-age and disability pensions will be affected most by the increase in the number of pensioners (34 percent) and then by the adjustment of pensions to the rise in personal incomes (27 percent) and by the new way of determining the pension base, that is, by applying Article 25, which is to be altogether brought about by 1990 (18 percent). If these relationships are not to be disturbed, the projected growth rate has to be achieved; any lag would signify that much larger appropriations out of the material base of labor or a new drop in the real value of pensions.

This is probably what the delegates had in mind when, while honoring all the rights and needs of the pensioners, they voted for a slower implementation of the legal provisions which must signify a new drain on the material capabilities of the economy.

[Box]

#### Larger Income, Lower Value

Over the 5-year period from 1981 to 1985 the number of pensioners increased by one-fourth--from 415,000 [sic] to 2.05 million. The proportional breakdown of pensioners by types is very unfavorable. The country has only 70,000 more old-age pensioners than disability pensioners, while in Kosovo and Montenegro there are almost twice as many persons receiving disability pensions as old-age pensions.

The total income of [old-age and disability insurance] communities in 1985 amounted to 739 billion dinars, and in nominal terms they were 6.5-fold larger than in 1980. Incidentally, over the past 5 years total revenues increased on the average by 49.5 percent, while expenditures increased 44.9 percent. The more rapid growth of the revenues of pension communities relative to their expenditures was specifically noted in 1984 and 1985; the problem of the illiquidity of the communities was solved in late 1983 when the rate of the contribution was increased, and in 1984 and 1985 when there was a very rapid increase in personal incomes under the impact of the high rate of inflation. At the same time the real value of pensions has been dropping at an annual rate of 7.4 percent.

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